

SERFF Tracking Number: LBRM-126704329 State: Arkansas
Filing Company: Safeco Insurance Company of America State Tracking Number: EFT \$150
Company Tracking Number: 2010-AR-HOME-RR-51
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: Rate/Rule/2010-AR-Home-RR-51

Filing at a Glance

Company: Safeco Insurance Company of America

Product Name: Homeowners

SERFF Tr Num: LBRM-126704329 State: Arkansas

TOI: 04.0 Homeowners

SERFF Status: Closed-Filed

State Tr Num: EFT \$150

Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations

Co Tr Num: 2010-AR-HOME-RR-51 State Status: Fees verified and received

Filing Type: Rate/Rule

Reviewer(s): Becky Harrington, Brittany Yielding

Author: Sandy Jackson

Disposition Date: 08/11/2010

Date Submitted: 07/01/2010

Disposition Status: Filed

Effective Date Requested (New): 08/14/2010

Effective Date (New): 08/14/2010

Effective Date Requested (Renewal): 10/20/2010

Effective Date (Renewal): 10/20/2010

State Filing Description:

General Information

Project Name: Rate/Rule

Status of Filing in Domicile:

Project Number: 2010-AR-Home-RR-51

Domicile Status Comments: N/A

Reference Organization: N/A

Reference Number: N/A

Reference Title: N/A

Advisory Org. Circular: N/A

Filing Status Changed: 08/11/2010

State Status Changed: 07/02/2010

Deemer Date:

Created By: Loreley Smith

Submitted By: Loreley Smith

Corresponding Filing Tracking Number: N/A

Filing Description:

We are making some revisions to our Independent Homeowners Program that include modifications to the base state unity, territory relativities, market tier relativities, renewal credits, and new home credits. We are also making updates to our underwriting (scorecard) model. In addition, we are revising our base state unity for our Condominium program.

The overall impact of this change is 11.3%. The evaluation of overall change, Exhibit 1, summarizes the impact of this revision. In order to mitigate the dislocation for some of our existing customers with this change, we are including a basic premium rate change cap on our current Homeowners policies inforce. The minimum premium rate change is 5% and the maximum rate change is 25%. Exhibit 13 shows the uncapped and capped Dislocation chart, while Exhibit 14 shows the capped percentage amounts of the capped policies. Of the 7,014 inforce Homeowners policies, 3,828 or

<i>SERFF Tracking Number:</i>	<i>LBRM-126704329</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Safeco Insurance Company of America</i>	<i>State Tracking Number:</i>	<i>EFT \$150</i>
<i>Company Tracking Number:</i>	<i>2010-AR-HOME-RR-51</i>		
<i>TOI:</i>	<i>04.0 Homeowners</i>	<i>Sub-TOI:</i>	<i>04.0000 Homeowners Sub-TOI Combinations</i>
<i>Product Name:</i>	<i>Homeowners</i>		
<i>Project Name/Number:</i>	<i>Rate/Rule/2010-AR-Home-RR-51</i>		

54.6% are being capped. A percentage capping system is used instead of a specific amount because it caps the proportionate impact on each policyholder.

Safeco does not offer a \$500 flat deductible so all risks calculated in the homeowners survey form were calculated using a \$1000 deductible.

The major elements of our filing are outlined below:

- 1) Indication/Support Summary Home (see Exhibit 2)
- 2) Homeowners State Unity Change (see Exhibit 3)
- 3) Territory Relativity Changes (see Exhibit 4)
- 4) Market Tier Relativity Changes (see Exhibit 5)
- 5) Renewal Credit Changes (see Exhibit 6)
- 6) Cellular Phone Rate Change (see Exhibit 7)
- 7) New Home Credit Change (see Exhibit 8)
- 8) Personal Liability Rates Change (see Exhibit 9)
- 9) Condominium State Unity Change (see Exhibit 10)
- 10) Revised Scorecard (see Exhibits 15-19)
- 11) Indication/Support Summary Condo (see Exhibit 20)

Company and Contact

Filing Contact Information

Sandra Jackson, Regulatory Filing Analyst	sandra.jackson@safeco.com
Safeco Plaza	206-473-5791 [Phone]
Seattle, WA 98185	206-473-6730 [FAX]

Filing Company Information

Safeco Insurance Company of America	CoCode: 24740	State of Domicile: Washington
Safeco Plaza	Group Code: 111	Company Type: Property and Casualty
Suite 2800	Group Name: Liberty Mutual Group	State ID Number:
Seattle, WA 98185	FEIN Number: 91-0742148	
(206) 545-5000 ext. [Phone]		

Filing Fees

SERFF Tracking Number: LBRM-126704329 State: Arkansas
Filing Company: Safeco Insurance Company of America State Tracking Number: EFT \$150
Company Tracking Number: 2010-AR-HOME-RR-51
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: Rate/Rule/2010-AR-Home-RR-51

Fee Required? Yes
Fee Amount: \$150.00
Retaliatory? No
Fee Explanation: 1 rate filing \$100.00 + 1 rule filing \$50.00 = \$150 total
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Safeco Insurance Company of America	\$150.00	07/01/2010	37702839

<i>SERFF Tracking Number:</i>	<i>LBRM-126704329</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Safeco Insurance Company of America</i>	<i>State Tracking Number:</i>	<i>EFT \$150</i>
<i>Company Tracking Number:</i>	<i>2010-AR-HOME-RR-51</i>		
<i>TOI:</i>	<i>04.0 Homeowners</i>	<i>Sub-TOI:</i>	<i>04.0000 Homeowners Sub-TOI Combinations</i>
<i>Product Name:</i>	<i>Homeowners</i>		
<i>Project Name/Number:</i>	<i>Rate/Rule/2010-AR-Home-RR-51</i>		

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Filed	Becky Harrington	08/11/2010	08/11/2010

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Becky Harrington	08/06/2010	08/06/2010	Sandy Jackson	08/11/2010	08/11/2010
Pending Industry Response	Becky Harrington	07/16/2010	07/16/2010	Layne Chinen	07/28/2010	07/28/2010
Pending Industry Response	Becky Harrington	07/02/2010	07/02/2010	Sandy Jackson	07/15/2010	07/15/2010

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 Product Name: Homeowners
 Project Name/Number: Rate/Rule/2010-AR-Home-RR-51

Disposition

Disposition Date: 08/11/2010
 Effective Date (New): 08/14/2010
 Effective Date (Renewal): 10/20/2010
 Status: Filed
 Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Safeco Insurance Company of America	25.800%	10.000%	\$	7,014	\$7,969,419	20.000%	-5.600%

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Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Form RF-2 Loss Costs Only (not for workers' compensation)		Yes
Supporting Document	H-1 Homeowners Abstract	Filed	Yes
Supporting Document	HPCS-Homeowners Premium Comparison Survey	Filed	Yes
Supporting Document (revised)	NAIC loss cost data entry document	Filed	Yes
Supporting Document	NAIC loss cost data entry document		Yes
Supporting Document (revised)	Supporting Exhibits	Filed	Yes
Supporting Document	Supporting Exhibits		Yes
Supporting Document (revised)	Revised Scorecard - Exhibits 15-19	Filed	No
Supporting Document	Scorecard - Exhibits 15-19		No
Supporting Document	Response	Filed	Yes
Supporting Document	Response 2	Filed	No
Rate	Exhibits 3-10	Filed	Yes
Rate	Product Guide	Filed	Yes

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TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: Rate/Rule/2010-AR-Home-RR-51

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 08/06/2010

Submitted Date 08/06/2010

Respond By Date

Dear Sandra Jackson,

This will acknowledge receipt of the response dated 7/28/2010.

Objection 1

No Objections

Comment: Commissioner Bradford requests that individual increase be capped at 20%.

Please feel free to contact me if you have questions.

In accordance with Regulation 23, Section 7.A., this filing may not be implemented until 20 days after the requested amendment(s) and/or information is received.

Sincerely,

Becky Harrington

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TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: Rate/Rule/2010-AR-Home-RR-51

Response Letter

Response Letter Status Submitted to State
Response Letter Date 08/11/2010
Submitted Date 08/11/2010

Dear Becky Harrington,

Comments:

Response 1

Comments: Thank you for your correspondence of August 6, 2010, regarding our filing referenced above. In response to the concerns raised, we are revising the basic premium rate change cap for our current Homeowners inforce policies to a maximum rate change of 20%. We also request that the Arkansas Insurance Department honor our initially filed effective date of August 14, 2010.

Related Objection 1

Comment:

Commissioner Bradford requests that individual increase be capped at 20%.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: NAIC loss cost data entry document

Comment: Please see revised

Satisfied -Name: Supporting Exhibits

Comment: Please see revised documents

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

We appreciate your review of this filing and look forward to your timely approval. Please feel free to contact me with any questions or concerns.

Sincerely,

Jeff Estes
Senior Director, Product Management

SERFF Tracking Number: LBRM-126704329 *State:* Arkansas
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Company Tracking Number: 2010-AR-HOME-RR-51
TOI: 04.0 Homeowners *Sub-TOI:* 04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: Rate/Rule/2010-AR-Home-RR-51

(314) 909-4867

FAX: 888-268-8840

EMAIL: jeffrey.estes@safeco.com

JE/sj

Sincerely,

Sandy Jackson

SERFF Tracking Number: LBRM-126704329 State: Arkansas
Filing Company: Safeco Insurance Company of America State Tracking Number: EFT \$150
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TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: Rate/Rule/2010-AR-Home-RR-51

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 07/16/2010

Submitted Date 07/16/2010

Respond By Date

Dear Sandra Jackson,

This will acknowledge receipt of the response dated 7/15/10.

Objection 1

- Response (Supporting Document)

Comment: Please provide the loss experience justifying the tier factor changes in exhibit 22.

Please feel free to contact me if you have questions.

In accordance with Regulation 23, Section 7.A., this filing may not be implemented until 20 days after the requested amendment(s) and/or information is received.

Sincerely,

Becky Harrington

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Company Tracking Number: 2010-AR-HOME-RR-51
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: Rate/Rule/2010-AR-Home-RR-51

Response Letter

Response Letter Status Submitted to State
Response Letter Date 07/28/2010
Submitted Date 07/28/2010

Dear Becky Harrington,

Comments:

Response 1

Comments: Thank you for your correspondence of July 16, 2010, in response to our filing referenced above. Attached is our response to the concerns raised, provided in three Excel documents.

As we discussed in our telephone conversation, the Excel files are password protected to ensure the security of our confidential and proprietary model information. We will provide the password to you in a separate correspondence and ask that you keep the password separate from the filing and do not include it with any publicly disclosed forms. If there are any issues or concerns with being able to keep our model and data secure and confidential, please contact me immediately.

Related Objection 1

Applies To:

- Response (Supporting Document)

Comment:

Please provide the loss experience justifying the tier factor changes in exhibit 22.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Response 2

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

We appreciate your review of this filing and look forward to your timely approval. Please feel free to contact me with any questions or concerns.

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Company Tracking Number: 2010-AR-HOME-RR-51
TOI: 04.0 Homeowners *Sub-TOI:* 04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: Rate/Rule/2010-AR-Home-RR-51

Sincerely,

Jeff Estes
Senior Director, Product Management
(314) 909-4867
FAX: 888-268-8840
EMAIL: jeffrey.estes@safeco.com

Sincerely,
Sandy Jackson

SERFF Tracking Number: LBRM-126704329 State: Arkansas
Filing Company: Safeco Insurance Company of America State Tracking Number: EFT \$150
Company Tracking Number: 2010-AR-HOME-RR-51
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: Rate/Rule/2010-AR-Home-RR-51

Objection Letter

Objection Letter Status Pending Industry Response

Objection Letter Date 07/02/2010

Submitted Date 07/02/2010

Respond By Date

Dear Sandra Jackson,

This will acknowledge receipt of the captioned filing.

Objection 1

- Scorecard - Exhibits 15-19 (Supporting Document)

Comment: Explain the changes made to the scorecard. Provide additional justification.

Specify the types of claims referenced and weights given each type.

Objection 2

- Exhibits 3-10, null (Rate)

Comment: Provide statistical data supporting the territory relativities.

Provide statistical support for the market tier changes.

Please feel free to contact me if you have questions.

In accordance with Regulation 23, Section 7.A., this filing may not be implemented until 20 days after the requested amendment(s) and/or information is received.

Sincerely,

Becky Harrington

SERFF Tracking Number: LBRM-126704329 State: Arkansas
Filing Company: Safeco Insurance Company of America State Tracking Number: EFT \$150
Company Tracking Number: 2010-AR-HOME-RR-51
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: Rate/Rule/2010-AR-Home-RR-51

Response Letter

Response Letter Status Submitted to State
Response Letter Date 07/15/2010
Submitted Date 07/15/2010

Dear Becky Harrington,

Comments:

Response 1

Comments: Please see attached

Related Objection 1

Applies To:

- Scorecard - Exhibits 15-19 (Supporting Document)

Comment:

Explain the changes made to the scorecard. Provide additional justification.

Specify the types of claims referenced and weights given each type.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Revised Scorecard - Exhibits 15-19

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Response 2

Comments: Please see attached

Related Objection 1

Applies To:

- Exhibits 3-10, null (Rate)

Comment:

SERFF Tracking Number: LBRM-126704329 *State:* Arkansas
Filing Company: Safeco Insurance Company of America *State Tracking Number:* EFT \$150
Company Tracking Number: 2010-AR-HOME-RR-51
TOI: 04.0 Homeowners *Sub-TOI:* 04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: Rate/Rule/2010-AR-Home-RR-51

Provide statistical data supporting the territory relativities.

Provide statistical support for the market tier changes.

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: Response

Comment:

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,
Sandy Jackson

SERFF Tracking Number: LBRM-126704329 State: Arkansas
 Filing Company: Safeco Insurance Company of America State Tracking Number: EFT \$150
 Company Tracking Number: 2010-AR-HOME-RR-51
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: Homeowners
 Project Name/Number: Rate/Rule/2010-AR-Home-RR-51

Rate Information

Rate data applies to filing.

Filing Method: F/U
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: 0.300%
Effective Date of Last Rate Revision: 06/12/2010
Filing Method of Last Filing: F/U

Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Safeco Insurance Company of America	25.800%	11.300%	\$904,522	7,014	\$7,969,419	30.700%	-5.600%

SERFF Tracking Number: LBRM-126704329 State: Arkansas
 Filing Company: Safeco Insurance Company of America State Tracking Number: EFT \$150
 Company Tracking Number: 2010-AR-HOME-RR-51
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: Homeowners
 Project Name/Number: Rate/Rule/2010-AR-Home-RR-51

Rate/Rule Schedule

Schedule Item	Exhibit Name:	Rule # or Page #:	Rate Action	Previous State Filing Attachments Number:
Filed 08/11/2010	Exhibits 3-10		Replacement	Exhibits 3-10 Filing Exhibits.pdf
Filed 08/11/2010	Product Guide		Replacement	20100814_co_arh_pg.pdf

**Homeowners State Unity
Exhibit 3
Arkansas
Safeco Insurance Companies
Form 30**

Current Unity	553	Proposed Unity	776
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Territory Relativities

Exhibit 4

Arkansas

Safeco Insurance Companies

Form 30

Territory	Current Rels
32	1.047
100	0.965
110	1.000
111	1.000
112	0.950
113	0.950
116	0.970
118	0.910
119	1.000
120	1.107
121	1.070
122	1.030
123	1.000
124	1.000
125	1.060
126	1.027
127	1.160
128	1.146

Territory	Proposed Rels
32	1.094
100	1.006
110	1.000
111	0.969
112	0.987
113	0.946
116	1.018
118	0.924
119	0.992
120	1.098
121	1.159
122	1.037
123	1.024
124	1.003
125	1.109
126	1.043
127	1.218
128	1.315

Market Tier Relativities

Exhibit 5

Arkansas

Safeco Insurance Companies

Form 30

Current Market	Current Rels
H01	0.540
H02	0.570
H03	0.600
H04	0.650
H05	0.700
H06	0.750
H07	0.780
H08	0.830
H09	0.870
H12	0.920
H13	1.000
H14	1.050
H18	1.090
H19	1.120
H23	1.160
H24	1.210
H28	1.270
H29	1.360
H32	1.440
H33	1.490
H37	1.530
H42	1.570
H44	1.640
H53	1.700
H63	1.780
H69	1.830
H74	2.000
H79	2.400
H83	3.100
H90	4.500

Proposed Market	Proposed Rels
H01	0.560
H02	0.600
H03	0.630
H04	0.660
H05	0.690
H06	0.720
H07	0.750
H09	0.780
H12	0.810
H14	0.840
H18	0.870
H19	0.900
H23	0.930
H24	0.970
H28	1.000
H29	1.040
H32	1.080
H37	1.120
H42	1.170
H44	1.220
H53	1.270
H54	1.340
H62	1.410
H63	1.500
H64	1.580
H69	1.690
H72	1.810
H74	1.950
H77	2.120
H79	2.270
H81	2.400
H83	2.600
H86	2.880
H88	3.230
H90	3.910

*We are updating to 35 tiers from our current set of 30, in addition to updating relativities

Renewal Credit

Exhibit 6

Arkansas

Safeco Insurance Companies

Form 30

	Tenure	Current Credits	Proposed Credits
Renewal Credit	No Information	N/A	N/A
	0	0%	0%
	1	0%	2%
	2	0%	4%
	3	3%	5%
	4	4%	6%
	5	5%	7%
	6	9%	8%
	7	12%	10%
	8+	15%	12%

**Scheduled Personal Property
Cellular Phone & Mobile Devices Category**

Exhibit 7

Arkansas

Safeco Insurance Companies

Form 30

Current Rate per \$100	Proposed Rate per \$100
\$3.50	\$4.50

**New Home Credit
Exhibit 8**

Arkansas

**Safeco Insurance Companies
Form 30**

	Home Age	Current Credits	Proposed Credits
New Home Credit	No Information	N/A	N/A
	0	30%	34%
	1	26%	30%
	2	22%	26%
	3	14%	22%
	4	8%	17%
	5	5%	12%
	6	2%	9%
	7	0%	6%
	8	0%	4%
	9	0%	2%
	10+	0%	0%

Coverage E - Personal Liability Rates

Exhibit 9

Arkansas

Safeco Insurance Companies

Form 30

Current:

Occupant Status = Primary					
	Liability (Cov E)			Grandfathered	
Number Of Families	100000	300000	500000	1000000	1500000
0,1,2	Base	\$20	\$34	\$56	\$77
3	\$16	\$56	\$84	\$128	\$170
Other	\$32	\$92	\$134	\$200	\$263

Proposed:

Occupant Status = Primary					
	Liability (Cov E)			Grandfathered	
Number Of Families	100000	300000	500000	1000000	1500000
0,1,2	Base	\$24	\$40	\$62	\$83
3	\$19	\$67	\$100	\$148	\$195
Other	\$32	\$96	\$140	\$206	\$269

**Condominium State Unity
Exhibit 10**

Arkansas

**Safeco Insurance Companies
Form 85 & 88**

	Current	Proposed
Terr	Base Unity	Base Unity
32	87	91
100	87	91
110	87	91
111	87	91
112	87	91
113	87	91
116	87	91
118	87	91
119	87	91
120	87	91
121	87	91
122	87	91
123	87	91
124	87	91
125	87	91
126	87	91
127	87	91
128	87	91

Arkansas

Homeowners Product Guide (Form 30 Only)



What's New

Effective Date of New and Revised Material Updates

Companies and Copyrights

Eligibility and Rules

Eligibility

Levels of Coverage

- Safeco Essential™
- Safeco New Quality-Plus™
- Safeco Optimum™

Basic Coverage Limits

Basic Premium Definition

Description of Coverage

Policy Period

Changes on Policies

Cancellation of Insurance

Agent File Documentation

Premium Revisions

Secondary Dwellings

Temporary Binder

Fire Protection Rating Plan

Construction Definitions

Deductibles

Coverage A (Dwelling) Deductibles

Increased Limits

Section I – Property Coverages

Section II – Liability Coverages

Additional Policy Coverages

Decreased Limits

Section I – Property Coverages

Optional Coverages

Additional Interests

Earthquake Coverage

Equipment Breakdown Coverage

Escape of Water from a Sump, Sump Pump or Drain on the Residence Premises (Building and Specified Contents)

Escape of Water from a Sump, Sump Pump or Drain on The Residence Premises (Building and Contents)

Extended Dwelling Coverage

Home Business Package

Home Day Care Services Coverage

Identity Recovery Coverage

Incidental Farm Coverage

Landlord's Furnishings

Outboard Motor Liability – 50 hp and Over

Personal Offense Coverage

Personal Property Replacement Cost

Refrigerated Products Coverage

Short Term Vacancy Coverage

Special Personal Property Coverage

Theft of Building Materials

Valuable Articles Coverage

Discounts

Umbrella Discount

Package Auto Discount

Burglar Alarm Discount

Newer Home Discount

Renewal Discount

Sprinkler Discount

Employee Discount

Safeco Insurance Company of America



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Company Only content is displayed in grey.

What's New

Effective Date of New and Revised Material

08/14/10 New Business • 10/20/10 Renewal Business

Updates

Section II – Liability Coverages, primary occupancy rates have been updated	13
Cellular Phones and Other Mobile Communication Equipment rate has been updated	28
Newer Home Discount has been updated	31
Renewal Discount has been updated	31

Companies and Copyrights

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Safeco Insurance Company of America

Safeco New Quality-Plus™ is a trademark of Safeco Insurance Company of America

Safeco Optimum™ is a trademark of Safeco Insurance Company of America

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Eligibility and Rules

Eligibility

Only those coverages provided for in these rules may be endorsed onto a policy. A homeowners policy may be issued:

- For dwellings and premises that are well maintained and occupied
- To an owner and/or occupant of a dwelling which is used exclusively for private residential purposes and contains not more than four units.

Special Notes

- A policy will not be issued on property situated on premises used for farming purposes unless farming conducted thereon is only incidental to the occupancy of the premises as a dwelling and farming is not the occupation of your customer.
- A policy will not be issued on dwellings that are vacant, unoccupied or under construction.
- When a three- or four-unit dwelling is occupied by joint owners, each occupying a separate unit, a

homeowners policy providing building coverage may be issued only to one of the joint owner and/or occupants of the dwelling. The policy may be endorsed to cover the interest of the other joint owner(s) in the building(s) and to cover premises liability.

- A signature and/or photograph may be required to issue a policy.

Levels of Coverage

A customer may purchase only one level of coverage. Changing to a different level of coverage can be requested and processed at anytime during a policy period.

Three levels of coverage are available. They are:

Safeco Essential™

Safeco Essential provides coverage for the customer who wishes to select a policy that provides the coverages necessary to protect their basic homeowners insurance needs.

Features of this level of coverage include:

- \$500 in coverage for internal coverages typically limited in a homeowners policy. Internal limits include Special Limits of Liability Coverage C - Personal Property not otherwise described below, Property Damage to Others, Credit Card, Forgery Coverage and Loss Assessment.
- \$500 limit in coverage for certain motorized vehicles exposures.
- \$250 in coverage for money.
- \$500 in coverage for tapes, records, etc.
- \$3,000 in coverage for watercraft, including their trailers and furnishings.
- \$3,000 in coverage for trailers not used with watercraft.
- \$3,000 in coverage for business property located on premises. This limit also includes a sub-limit of \$1,000 for business property located off premises.
- \$5,000 in coverage for rugs and tapestries, not including wall to wall carpet.

- \$5,000 in coverage for land stabilization.
- Criminal conviction reward of \$2,500/\$5,000.
- Arson reward of \$25,000.
- The per day limit of lost wages is \$200.

Safeco New Quality-Plus™

Safeco New Quality-Plus includes all of the benefits provided at the Safeco Essential level. In addition, coverage is broadened as follows:

- Internal coverages limit is increased to \$3,000 for those coverages limited to \$500 in the Safeco Essential policy.
- Coverage for certain motorized vehicles exposures are increased to \$3,000.
- Golf carts are added and limited to \$7,500. Coverage is expanded to include collision for golf carts.
- Under Debris Removal, the aggregate limit for trees is increased to \$1,000. The per tree limit remains at \$500.

- Additional coverage is added for the re-keying of locks for all exterior doors following a covered theft loss.
- The per day limit of lost wages is \$250.

Safeco Optimum™

Safeco Optimum includes all of the benefits provided at the Safeco Essential and Safeco New Quality-Plus levels. In addition, coverage is broadened as follows:

- Internal coverages limit is increased to \$5,000 for those coverages limited to \$500 in the Safeco Essential policy.
- Coverage for money is increased to \$1,000.
- Coverage for rugs and tapestries is increased to \$10,000.
- Coverage for land stabilization is increased to \$10,000.
- Coverage for certain motorized vehicles exposures are increased to \$5,000.

- Debris removal not only includes the increased coverage for trees, but also removes the restriction that requires a fallen tree to damage covered property.
- Locks coverage is expanded to include keys that are lost as well as stolen. Also included is the cost to replace and reprogram garage door transmitters.
- \$500 in coverage is included for refrigerated products lost or damaged due to a covered loss.
- Kidnap/Ransom Negotiation Expenses is included with a limit of \$50,000.
- Pair or Set clause is expanded to provide reimbursement for entire set when one is damaged.
- The per day limit of lost wages is \$500.

Non-manufactured Homes

A Homeowners policy may be issued:

- For dwellings and premises that are well maintained
- To an owner/occupant of a dwelling which is used exclusively for private residential purposes and

contains not more than two units and with not more than two roomers or boarders per family

Optional Coverages

Once a customer chooses the level of coverage for their policy, Safeco also offers a full line of optional coverages.

Note: Please refer to the Form 30 policy and optional coverage forms for detailed coverage information.

Basic Coverage Limits

Section I – Property Coverages

Coverage A – Dwelling

Coverage A limits should reflect an amount that will allow the customer to rebuild their existing dwelling. The Coverage A amount is displayed on the declarations page.

Coverage B – Other Structures

Coverage B	
Form 30	10% of Cov. A

For additional or lower amounts of Coverage B, refer to the **Increased Limits** or **Decreased Limits** section.

Coverage C – Personal Property

Coverage C	
Form 30	50% of Cov. A

For additional or lower amounts of Coverage C, refer to the **Increased Limits** or **Decreased Limits** section.

Coverage D – Loss of Use

For all forms, loss of use coverage is included for the shortest time to repair or replace the damage. This time period may not exceed 24 months.

Coverage D	
Form 30	20% of Cov. A

Section II – Liability Coverages

Coverage E – Personal Liability

Coverage E (each occurrence)	
Form 30	\$100,000

For higher limits of Coverage E, refer to the **Increased Limits** section.

Coverage F – Medical Payments to Others

Coverage F (each person)	
Form 30	\$1,000

For higher limits of Coverage F, refer to the **Increased Limits** section.

Basic Premium Definition

Basic premium is defined as the premium charged for the coverages outlined in the description of coverage and basic coverage limits sections for each form, after applying the appropriate deductible credit or debit. It does not include credits or debits for **Increased Limits** or **Decreased Limits** (except for changes to Cov. B and Cov. C limits), **Optional Coverages** or **Discounts**.

Description of Coverage

The following is a general description of the coverage provided.

Section I – Property Coverages

Form 30 covers the dwelling (Coverage A) and other structures (Coverage B) against risk of physical loss (with certain exceptions). Personal property

(Coverage C) is covered on a named perils basis. Loss of use (Coverage D) is provided when loss from a covered peril is sustained.

Section II – Liability Coverages

Coverages include personal liability (Coverage E) and medical payments to others (Coverage F).

Additional Coverages**Building Ordinance or Law Coverage – Section I coverage only**

This is included at 10 percent of Coverage A and may not be eliminated.

For higher limits of Building Ordinance or Law, refer to the **Increased Limits** section.

Loss Assessment Coverage – Section I and II coverage

This is included in Form 30 based on the selected policy level

Policy Level	Loss Assessment
Essential	\$500
New Quality-Plus	\$3,000
Optimum	\$5,000

For higher limits of Loss Assessment, refer to the **Increased Limits** section.

Volunteer America Coverage – Section I and II coverage

Coverage is extended to provide additional Coverage C and Section II coverages for customers employed in volunteer activities.

Policy Period

The policy period will be one year.

Changes on Policies

Coverages and limits (above the minimum) may be increased or decreased, added or deleted, during the term of the policy by selecting Policy Change on Safeco Now[®] and submitting a change request to us. Additional or return premium will be computed on a pro rata basis. Amounts of \$3 or less will be waived.

Cancellation of Insurance

It is not permissible to cancel any of the mandatory coverages unless the entire policy is canceled. For Form 30, Coverages A, B, C, D, E and F are mandatory.

Return premium will be computed on a pro rata basis. Amounts of \$3 or less will be waived.

Agent File Documentation

- Agents should maintain relevant file documentation for ten (10) years after policy expiration.
- This includes, but is not limited to signed applications, photographs and statutorily required forms, such as waivers, coverage declinations, or exclusions.
- The records can be scanned or imaged and stored electronically.

Premium Revisions

Premium revisions will be made in accordance with the following procedures:

- The effective date of such revisions will be as announced by the company
- Changes made under the following provisions may be made effective only on the inception or renewal date of the policy:

New Business

If the premium is decreased, a policy issued prior to the effective date of the premium change with an inception date on or after the effective date of the change may be endorsed to the new premium.

Renewal Business

If the premium is decreased, a policy on which an extension certificate has been issued prior to the effective date of the premium change with a renewal date on or after the effective date of the change may be endorsed to the new premium.

Secondary Dwellings

If your customer owns another dwelling in addition to their primary residence, it is eligible for homeowners coverage but must be insured on a separate policy. Policies should be identified as such.

Temporary Binder

Temporary binder forms may not be used for binding homeowners insurance. New customers may be bound only by using an application form.

Fire Protection Rating Plan

A primary dwelling that is:

- Located within five miles travel distance of a recognized Fire Department that will respond

- Located within 1,000 feet of a public fire hydrant or the responding Fire Department will transport water to use in fighting the fire at the site
- Not located in a severe brush or forest area, may be rated Protection Class 9

Please submit a completed Homeowners Credits Statement with the application or endorsement.

For statistical gathering purposes the letter “A” should be included after the protection class on all policies rated under this plan (Example: 9A).

Construction Definitions

Masonry – A dwelling with walls of masonry or masonry veneered construction.

Frame – A dwelling with walls of frame, or metal-sheathed or stuccoed frame construction, or with walls of metal or metal lath and plaster on combustible supports.

Mixed – A dwelling will be classed as frame construction when the wall area of frame construction (including gables) exceeds 33.33 percent of the total wall area.

Deductibles

Coverage A (Dwelling) Deductibles

The following deductibles are available in Arkansas:

All Other Perils (AOP) Deductibles:

\$500*, \$750*, \$1,000, \$1,500, \$2,000, \$2,500, \$5,000, \$7,500

*Only available when windstorm or hail deductible is selected.

Optional Windstorm or Hail Deductibles:

\$1,000, \$1,500, \$2,000, \$2,500, \$5,000, \$7,500

1%, 2%, 5%

All Other Perils (AOP) Deductibles

Policy Amount	AOP Deductibles			
	\$1,000	\$2,500	\$5,000	\$7,500
\$ 5,000	-0.047	-0.138	-0.22	-0.271
50,000	-0.047	-0.138	-0.22	-0.271
75,000	-0.045	-0.133	-0.213	-0.263
100,000	-0.044	-0.13	-0.208	-0.258
125,000	-0.043	-0.127	-0.205	-0.254
150,000	-0.042	-0.125	-0.202	-0.25
175,000	-0.041	-0.124	-0.199	-0.248
200,000	-0.041	-0.122	-0.197	-0.245
250,000	-0.04	-0.119	-0.194	-0.241
300,000	-0.039	-0.117	-0.191	-0.238
400,000	-0.037	-0.114	-0.186	-0.233
500,000	-0.036	-0.111	-0.183	-0.229
760,000	-0.035	-0.107	-0.177	-0.222
1,000,000	-0.033	-0.104	-0.172	-0.217

Windstorm or Hail Deductible

Policy Amount	W/H Deductibles		
	\$1,000	\$2,500	\$5,000
\$ 5,000	-0.08	-0.256	-0.319
50,000	-0.08	-0.256	-0.319
75,000	-0.056	-0.205	-0.301
100,000	-0.038	-0.159	-0.282
125,000	-0.033	-0.129	-0.263
150,000	-0.028	-0.12	-0.237
175,000	-0.024	-0.111	-0.213
200,000	-0.021	-0.103	-0.194
250,000	-0.02	-0.089	-0.165
300,000	-0.019	-0.078	-0.157
400,000	-0.018	-0.061	-0.141
500,000	-0.017	-0.048	-0.127
760,000	-0.015	-0.044	-0.095
1,000,000	-0.013	-0.041	-0.069

Increased Limits

Section I – Property Coverages

Coverage B and Coverage C

Increased limits for Coverage B and Coverage C may be selected.

Section II – Liability Coverages

(Effective NB: 08/14/10 RB: 10/20/10)

Coverage E – Personal Liability

For an additional premium, increased limits for personal liability (Coverage E) of \$300,000 or \$500,000 may be selected.

Liability coverage may be provided for secondary dwellings owned and occupied by the named insured, but not insured with us.

Occupant Status = Primary			
Liability (Cov E)			
Limit	Number of Families		
	1 or 2	3	Other
\$100,000	Base	\$ 19	\$ 32
\$300,000	\$24	67	96
\$500,000	40	100	140
\$1,000,000	62	148	206
\$1,500,000	83	195	269

Occupant Status = Secondary			
Liability (Cov E)			
Limit	Number of Families		
	1 or 2	3	Other
\$100,000	Base	\$16	\$32
\$300,000	\$20	\$56	\$92
\$500,000	\$34	\$84	\$134
\$1,000,000	\$56	\$128	\$200
\$1,500,000	\$77	\$170	\$263

Coverage F – Medical Payments to Others

For an additional premium, increased limits of liability may be provided for medical payments to others (Coverage F) at the following aggregate limits:

Limits	Premiums
\$1,000	Base
\$2,000	\$7
\$3,000	\$12
\$4,000	\$15
\$5,000	\$18
\$10,000	\$20

Additional Policy Coverages**Increased Building Ordinance or Law Coverage**

For an additional premium, the basic limit of 10 percent for building ordinance or law coverage can be increased to an aggregate of 20 or 50 percent.

Calculate the premium by multiplying the **Basic premium** by the following factor.

Aggregate Limit	Factor	Minimum
10% of Coverage A	Base	N/A
20% of Coverage A	.03	\$5
50% of Coverage A	.08	\$15

Loss Assessment Coverage

For an additional premium, increased limits may be purchased for loss assessment at the following aggregate limits:

Limits	Policy Level		
	Essential	New Quality-Plus	Optimum
\$500	Base	N/A	N/A
\$1,000	\$5	N/A	N/A
\$3,000	\$7	Base	N/A
\$5,000	\$9	\$2	Base
\$10,000	\$12	\$5	\$3
\$15,000	\$14	\$7	\$5
\$50,000	\$19	\$12	\$10

Decreased Limits

Section I – Property Coverages

Decreased limits for Coverage B and Coverage C may be provided.

Coverage B – Other Structures

Coverage B may be reduced below the Basic Coverage Limit (as displayed in the Eligibility and Rules section), or eliminated entirely.

Coverage C – Personal Property

Primary Dwellings

Customers with three-unit or four-unit dwellings may reduce their Coverage C limits to a level lower than the **Basic Coverage Limit** (as displayed in the Eligibility and Rules section), subject to a minimum of 20 percent.

Customers with one-unit or two-unit dwellings have a **Basic Coverage Limit** (as displayed in the Eligibility and Rules section) for Coverage C which may not be reduced further.

Secondary Dwellings

Customers with secondary dwellings may reduce their Coverage C limits to a level lower than the **Basic Coverage Limit** (as displayed in the Eligibility and Rules section), subject to a minimum of 20 percent.

Optional Coverages

Additional Interests

Section I – Property Coverage

For no additional premium, Section I – Property Coverage may be extended to additional interests other than the named insured.

Section II – Liability Coverage

For an additional premium, Section II – Liability Coverage may be extended to additional interests other than the named insured. Interest types eligible for this extension of coverage include: LLC, Trust, Estate, etc. The limit of liability must be the same as the personal liability (Coverage E) limit.

Section II – Liability Coverage	
Limit of Liability	Premium
\$100, 000	\$1
\$300, 000	\$2
\$500, 000	\$3

Note: Interests that apply to both Section I – Property Coverages and Section II – Liability Coverages will be charged in accordance with the chart above.

Earthquake Coverage

Option EE is not available for any new business policy or as a new endorsement for in-force dwelling or condominium customers who previously did not have this coverage. The following coverage details only pertain to in-force customers who have dwellings or condominiums that meet age and construction requirements listed below.

Note: The Declination of Residential Earthquake Coverage must be completed. Each application contains this declination as required by the Arkansas Earthquake Authority Act.

Earthquake damage coverage may be extended to frame and masonry veneer dwellings. A deductible of 15 percent, 20 percent or 25 percent of the policy limit may be selected in any earthquake zone. A deductible of 10 percent of the policy limit may be selected only in earthquake zone 5. The deductible shall apply separately to the amount of insurance for Coverages A, B and C.

Age and Construction Requirements

Dwellings and Condominiums must have an original construction date of 1960 or newer.

Dwellings and Condominiums with solid masonry construction are not eligible for coverage.

Zones by County

Zone 2: Crittendon, Cross, Lee, Mississippi, Monroe, Poinsett, St. Francis,

Zone 3: Arkansas, Clay, Craighead, Greene, Jackson, Lawrence, Phillips, Prairie, Woodruff

Zone 4: Chicot, Desha, Independence, Lincoln, Lonoke, Randolph, Sharp, White,

Zone 5: Ashley, Baxter, Benton, Boone, Bradley, Calhoun, Carroll, Clark, Cleburne, Cleveland, Columbia, Conway, Crawford, Dallas, Drew, Faulkner, Franklin, Fulton, Garland, Grant, Hempstead, Hot Spring, Howard, Izard, Jefferson, Johnson, Lafayette, Little River, Logan, Madison, Marion, Miller, Montgomery, Nevada, Newton, Ouachita, Perry, Pike, Polk,

Pope, Pulaski, Saline, Scott, Searcy, Sebastian, Sevier, Stone, Union, Van Buren, Washington, Yell.

Zone	Coverage A		
	Frame*	Masonry Veneer†	Masonry‡
10% Deductible – Rates per \$1,000			
5	.57	1.00	2.00
15% Deductible – Rates per \$1,000			
2	1.43	2.48	4.95
3	.60	1.00	2.00
4 & 5	.40	.70	1.40
20% Deductible – Rates per \$1,000			
2	.93	1.63	3.25
3	.39	.65	1.30
4 & 5	.28	.48	.93
25% Deductible – Rates per \$1,000			
2	.55	.95	1.93
3	.23	.39	.78
4 & 5	.15	.28	.55

* Rate aluminum and plastic siding as frame construction.

† Rate log as masonry veneer.

‡ Rate superior and concrete block construction as masonry.

Zone	Increased Coverage C Limits	
	Coverage C	
10% Deductible – Rates per \$1,000		
5		.40
15% Deductible – Rates per \$1,000		
2		.95
3		.40
4 and 5		.28
20% Deductible – Rates per \$1,000		
2		.63
3		.26
4 and 5		.18
25% Deductible – Rates per \$1,000		
2		.38
3		.16
4 and 5		.10

If increased limits of Coverage B have been purchased, no additional charge for this coverage will be made.

The Declination of Residential Earthquake Coverage must be completed. Each application contains the necessary declination as required by the Arkansas Earthquake Authority Act.

The applicant's signature is required should they choose not to purchase earthquake coverage in any form.

No Earthquake coverage may be bound for 10 days following an earthquake in excess of 6.0 on the Richter scale.

Equipment Breakdown Coverage

Coverage may be provided for accidental direct physical loss to your covered property located on the residence premises caused by equipment breakdown, up to a limit of \$50,000; and subject to a \$500 deductible.

Rate per Policy
\$24

Escape of Water from a Sump, Sump Pump or Drain on the Residence Premises (Building and Specified Contents)

Coverage may be provided for a loss caused by water which backs up through, or overflows from, a sewer, drain, sump, sump pump, or any system on the residence premises designated to remove subsurface water from the foundation area. This coverage does not apply if the loss is flood induced. The maximum amount of coverage available is \$50,000.

This coverage is for the Building and the following specified items:

- Clothes washers and dryers
- Refrigeration units, not including contents
- Cooking ovens and ranges
- Dishwashers
- Build-ins such as furnace, carpet, A/C, etc.

Limit	Premium
\$5,000	\$41
\$10,000	\$74
\$15,000	\$101
\$20,000	\$125
\$25,000	\$147
\$30,000	\$166
\$35,000	\$184
\$40,000	\$200
\$45,000	\$215
\$50,000	\$229

Escape of Water from a Sump, Sump Pump or Drain on The Residence Premises (Building and Contents)

Coverage may be provided for a loss caused by water which backs up through, or overflows from, a sewer, drain, sump, sump pump, or any system on the residence premises designated to remove subsurface water from the foundation area. This coverage does not apply if the loss is flood induced. The selected coverage limit applies to any property covered under Section 1 of the policy. The maximum amount of coverage available is \$50,000.

Limit	Premium
\$5,000	\$46
\$10,000	\$84
\$15,000	\$116
\$20,000	\$146
\$25,000	\$174
\$30,000	\$200
\$35,000	\$226
\$40,000	\$250
\$45,000	\$274
\$50,000	\$298

Extended Dwelling Coverage

Extended Dwelling Coverage provides up to an additional 25 percent or 50 percent of the dwelling coverage amount should repair or replacement exceed the original dwelling coverage amount displayed on the declarations page.

A full inspection may be required based on the type of construction and the replacement value of the home.

Additional Cov A Percent	Factor
25%	.03
50%	.04

Extended Dwelling Coverage premium will be calculated and displayed as a single item on the declarations page and is a separate amount of insurance.

Home Business Package

The Safeco Home Business Package bundles coverages for the home-based business customer. This includes coverage for business personal property and business merchandise. In addition, coverage is also extended to other structures on the residence premises used for a home-based business. Last, on-premises liability coverage is also provided at the limit of liability for the residence premises. The limit of liability must be the same as the personal liability (Coverage E) limit.

This option may be purchased for the following limits of business property:

Business Property Limit						
Liability Limit	\$1,000	\$5,000	\$10,000	\$15,000	\$20,000	\$25,000
\$100,000	\$21	\$26	\$32	\$38	\$44	\$50
\$300,000	\$25	\$30	\$36	\$42	\$48	\$54
\$500,000	\$29	\$34	\$40	\$46	\$52	\$58
\$1,000,000	\$41	\$46	\$52	\$58	\$64	\$70
\$1,500,000	\$45	\$50	\$56	\$62	\$68	\$74

Home Day Care Services Coverage

Liability coverage may be provided for home day care services at the residence premises for up to three persons. Home Day Care does not include care for medical purposes.

The limit of liability must be the same as the personal liability (Coverage E) limit.

Limit of Liability	Premium
\$100,000	\$100
\$300,000	\$133
\$500,000	\$149
\$1,000,000	\$171
\$1,500,000	\$186

Identity Recovery Coverage

Coverage may be provided for expenses related to identity recovery, subject to an annual aggregate limit of \$25,000 per customer. Lost wages and expenses for child or elder care are covered, subject to a sub-limit of \$250 per day, \$5,000 total. Help-line assistance and case management services are provided at no additional charge for customers with this endorsement.

Rate per Policy

\$12

Incidental Farm Coverage

The policy may be extended to provide coverage for certain exposures presented by eligible incidental or “hobby” farming.

Additional coverage offered by this option includes:

Section I – Property Coverages

– Coverage B is extended to include other structures used for farming

- \$10,000 coverage is provided for farm personal property
- \$1,000 animal collision coverage is provided (\$5,000 aggregate)

Section II – Liability Coverages

- Liability coverage is extended to incidental farming
- Medical payments coverage is extended to farm employees injured in the course of their employment
- Chemical Drift coverage with a limit of \$25,000 is provided

Additional farm personal property may be scheduled. See [Valuable Articles–Itemized–Farm Personal Property](#).

Eligibility

A risk that is otherwise eligible for a homeowners policy and that has farming operations incidental to a typical residential situation is eligible for this option. Photographs of all structures on the premises are required.

Submit on a non-bound basis:

- Risks with more than 10 acres
- Risks with more than three horses
- Risks with employees or seasonal help

The following exposures are ineligible:

- Breeding, boarding, or training of non-owned horses
- Providing grazing land for non-owned horses
- Horse shows on premises
- Horses (owned or non-owned) used for racing, rental or riding lessons

Liability	Premium
\$100,000	\$40
\$300,000	\$91
\$500,000	\$124
\$1,000,000	\$180
\$1,500,000	\$232

Landlord's Furnishings

Coverage may be extended to provide \$5,000 personal property coverage for certain landlord's furnishings, on a named peril basis, located on the residence premises and rented to others.

Rate per policy
\$20

Outboard Motor Liability – 50 hp and Over

Coverage may be provided for an outboard motor or combination of outboard motors of 50 or more total horsepower by indicating, on the application or endorsement, the number and power of such motors, the length of hull they are mounted on and the ages of all operators of these hulls.

Limit of Liability	Premium
\$100,000	\$65
\$300,000	\$79
\$500,000	\$96
\$1,000,000	\$114

Availability of this option is subject to our watercraft underwriting guidelines. This option is not available to motors mounted to hulls insured for physical damage on a separate watercraft insurance policy.

Personal Offense Coverage

Liability coverage may be provided for injury arising out of personal offenses such as false arrest, detention, imprisonment or malicious prosecution; libel, slander or defamation of character; or invasion of privacy, wrongful eviction or wrongful entry.

The limit of liability must be the same as the personal liability limit.

Limit of Liability	Premium
\$100,000	\$4
\$300,000	\$8
\$500,000	\$11
\$1,000,000	\$16
\$1,500,000	\$21

Personal Property Replacement Cost

Personal Property (Coverage C) is extended on a replacement cost basis to most items of personal property.

Factor
1.04

Refrigerated Products Coverage

Coverage may be provided for loss to covered property stored in freezers/refrigerators up to \$500, subject to a \$100 deductible.

Rate per policy
\$12

Short Term Vacancy Coverage

Coverage may be extended to provide short term vacancy coverage to the dwelling; up to 120 consecutive days.

Calculate the short term vacancy premium by multiplying the Coverage A **Basic Premium** by 6 percent.

Special Personal Property Coverage

Coverage C may be extended to include additional risks of physical loss (with certain exceptions).

Calculate the Special Personal Property premium by applying 8 percent to the Coverage A **Basic Premium**. The minimum premium is \$25.

Theft of Building Materials

Coverage may be provided for theft of building materials or supplies due to remodeling, re-construction, renovation or repair.

Limit	Premium
\$5,000	\$30
\$10,000	\$34
\$15,000	\$37
\$20,000	\$40
\$25,000	\$43
\$50,000	\$57
\$75,000	\$69
\$100,000	\$82

Valuable Articles Coverage

(Effective NB: 08/14/10 RB: 10/20/10)

There are two options for insuring valuable articles:

Grouped (Unscheduled) Coverage

Grouped (or Unscheduled) Coverage provides protection for pieces without the need to specifically schedule each individual item. Group coverage is subject to a \$500 deductible per occurrence and a maximum per item limit of \$5,000. Covered losses are settled on a replacement cost basis. Five classes of property are eligible.

Fine Arts

“**Fine Arts**” includes paintings, rugs, tapestry, wall hangings, statuary, sculpture, ceramics, porcelain, china, glass, crystal, objects made from marble or similar items of a collectible nature. For purposes of this coverage, ***fine arts*** does not include silverware, goldware or pewterware.

Limit		Premium	
Per Item	Aggregate	with breakage	without breakage
\$5,000	\$5,000	\$16	\$8
\$5,000	\$10,000	\$27	\$14
\$5,000	\$15,000	\$36	\$18
\$5,000	\$20,000	\$44	\$22
\$5,000	\$25,000	\$51	\$26
\$5,000	\$30,000	\$59	\$29
\$5,000	\$35,000	\$66	\$33
\$5,000	\$40,000	\$75	\$37
\$5,000	\$45,000	\$80	\$40
\$5,000	\$50,000	\$86	\$43

Cameras

Per Item	Limit	
	Aggregate	Premium
\$5,000	\$5,000	\$53
\$5,000	\$10,000	\$91
\$5,000	\$15,000	\$120
\$5,000	\$20,000	\$147
\$5,000	\$25,000	\$171
\$5,000	\$30,000	\$196
\$5,000	\$35,000	\$219
\$5,000	\$40,000	\$249
\$5,000	\$45,000	\$268
\$5,000	\$50,000	\$287

Furs

Per Item	Limit	
	Aggregate	Premium
\$5,000	\$5,000	\$21
\$5,000	\$10,000	\$36
\$5,000	\$15,000	\$48
\$5,000	\$20,000	\$59
\$5,000	\$25,000	\$68
\$5,000	\$30,000	\$78
\$5,000	\$35,000	\$88
\$5,000	\$40,000	\$100
\$5,000	\$45,000	\$107
\$5,000	\$50,000	\$115

Jewelry

Per Item	Limit	
	Aggregate	Premium
\$5,000	\$5,000	\$48
\$5,000	\$10,000	\$82
\$5,000	\$15,000	\$108
\$5,000	\$20,000	\$132
\$5,000	\$25,000	\$154
\$5,000	\$30,000	\$176
\$5,000	\$35,000	\$197
\$5,000	\$40,000	\$224
\$5,000	\$45,000	\$241
\$5,000	\$50,000	\$258

Silverware

Per Item	Limit	
	Aggregate	Premium
\$5,000	\$5,000	\$19
\$5,000	\$10,000	\$32
\$5,000	\$15,000	\$42
\$5,000	\$20,000	\$51
\$5,000	\$25,000	\$60
\$5,000	\$30,000	\$68
\$5,000	\$35,000	\$77
\$5,000	\$40,000	\$87
\$5,000	\$45,000	\$94
\$5,000	\$50,000	\$100

Itemized (Scheduled) Coverage

Itemized (Scheduled) Coverage provides protection for pieces specifically scheduled and described in the policy. There is no deductible and the item is insured for its agreed value. Coverage losses are settled on an agreed value basis.

The following classes of personal property, owned by the policy holder, may be scheduled. Give complete descriptions on a scheduled personal property endorsement.

Fine Arts

“**Fine Arts**” includes paintings, rugs, tapestry, wall hangings, statuary, sculpture, ceramics, porcelain, china, glass, crystal, objects made from marble or similar items of a collectible nature. For purposes of this coverage, ***fine arts*** does not include silverware, goldware or pewterware.

Rate per \$100
\$0.15

Fine Arts with Breakage Coverage

For an additional premium, loss caused by breakage of fine art is covered.

Rate per \$100
\$0.30

Cellular Phones and Other Mobile Communication Equipment

Rate per \$100
\$4.50

Cameras, Guns, Stamp and Coin Collections, Comics and Trading Cards

Rate per \$100
\$1.00

Furs, Musical Instruments and Property Not Otherwise Classified (Including Electronic Systems)

Rate per \$100
\$0.40

Computer and Media Equipment

Rate per \$100
\$0.75

Silverware

Rate per \$100
\$0.35

Valued Jewelry

Losses will be settled on the basis of the amount shown on the Valuable Article Schedule.

Rate per \$100
\$0.90

In-vault Jewelry

Jewelry items that are described in the policy as “in-vault” must be kept in a bank vault. There is no coverage for these items while they are out of the vault, unless we agree in advance to cover them. Use the rates displayed below to determine the applicable premium.

Rate per \$100
\$0.20

Farm Personal Property

Available only with Incidental Farming Coverage. A \$250 deductible applies.

Rate per \$100
\$0.67

Discounts

We offer several credits in the homeowners program which are calculated on the basic premium (except for the account credit and umbrella credit which applies to the total premium for the policy). Please refer to the definition of **Basic Premium** in the eligibility and rules section.

Umbrella Discount

If the insured has a personal lines umbrella policy with us, a 2 percent premium credit will apply.

This credit will apply to total premium for the policy and is available for homeowners Form 30 only. The credit will be discontinued if the umbrella policy lapses.

Package Auto Discount

If the customer has a personal lines auto policy with us, a 15 percent premium credit will apply. Named non-owner auto policies do not qualify.

This credit will apply to the total premium for the policy and is available for all policy forms. The credit will be discontinued if the auto policy lapses.

Burglar Alarm Discount

Customers are eligible for a premium credit for the installation of an approved and properly maintained burglar alarm system as follows:

Type of System	Credits
	Form 30
Local alarm system	2%
Police station alarm system	2%
Central station alarm system	2%

Definitions

- Local burglar alarm system is one in which the protective circuits and devices are connected to an enclosed and tamper-protected loud-sounding device attached to an outside wall of the residence premises. Disturbance of the protective devices or unauthorized entry automatically causes the sounding device to

operate until it is stopped by key control, exhaustion of the power supply or by a timing element set for a definite period of operation.

- Police station burglar alarm system is one in which a local alarm system with supplementary direct circuit or transmitting equipment is connected to constantly attended receiving equipment at a police station.
- Central station burglar alarm system is one in which the operation of circuits and devices are signaled automatically to, recorded in, maintained and supervised from a central station having trained operators and guards who will, upon receipt of a signal, take required action.

Apply the credit to the **Basic Premium** and round to the nearest dollar.

Newer Home Discount

(Effective NB: 08/14/10 RB: 10/20/10)

Dwellings are eligible for a premium credit if they are less than ten years old. The available credits are shown below and are applied to the **Basic Premium**.

Credit Classification	0	1	2	3	4	5	6	7	8	9	10+
Credit Percentage	34%	30%	26%	22%	17%	12%	9%	6%	4%	2%	0%

Renewal Discount

(Effective NB: 08/14/10 RB: 10/20/10)

A credit will be applied to the **Basic Premium** for homeowners renewals, if your customer's primary residence or contents has been continuously insured in one of our personal lines homeowners markets for a minimum of one year.

The amount of the credit applied will be based on the following schedule:

Number of Years	0	1	2	3	4	5	6	7	8+
Credits	0%	2%	4%	5%	6%	7%	8%	10%	12%

The renewal credit will also apply to any secondary location policy also insured with us.

Eligibility and amount of credit are determined by the primary residence policy.

Sprinkler Discount

Customers are eligible for a premium credit for fire sprinkler systems that have been both installed and maintained in accordance with nationally accepted fire sprinkler standards as follows:

Type of Sprinkler System	Credit Percentage
Automatic sprinkler in all areas except attic, bathrooms, closets and attached structure area that are protected by a fire detector.	4%
Automatic sprinkler in all areas including attics, bathrooms, closets and attached structure.	7%

Apply the credit to the **Basic Premium**. Round to the nearest dollar.

Employee Discount

Eligible persons are employees of Liberty Mutual or its subsidiaries, their spouses, domestic partners, grandparents, parents, aunts, uncles, nieces, nephews, siblings, children, and family members in the household.

All other underwriting standards and provisions apply.

This discount only applies to policies sold through Emerald City Insurance.

SERFF Tracking Number: LBRM-126704329 State: Arkansas
 Filing Company: Safeco Insurance Company of America State Tracking Number: EFT \$150
 Company Tracking Number: 2010-AR-HOME-RR-51
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: Homeowners
 Project Name/Number: Rate/Rule/2010-AR-Home-RR-51

Supporting Document Schedules

	Item Status:	Status Date:
Satisfied - Item: H-1 Homeowners Abstract	Filed	08/11/2010
Comments:		
Attachment: _AR FORM H1_Abtract.pdf		

	Item Status:	Status Date:
Satisfied - Item: HPCS-Homeowners Premium Comparison Survey	Filed	08/11/2010
Comments:		
Attachment: HO_Survey_FORM_HPCS - submit as Excel.xls		

	Item Status:	Status Date:
Satisfied - Item: NAIC loss cost data entry document	Filed	08/11/2010
Comments: Please see revised		
Attachment: loss_cost_data_entry - rev.pdf		

	Item Status:	Status Date:
Satisfied - Item: Supporting Exhibits	Filed	08/11/2010
Comments: Please see revised documents		
Attachments: Exhibit 2 Indication Home.pdf Exhibit 11 AR_ROE.pdf Exhibit 12 AR_InvIncHome.pdf Exhibit 20 Filing Indication Condo.pdf		

SERFF Tracking Number: LBRM-126704329 State: Arkansas
Filing Company: Safeco Insurance Company of America State Tracking Number: EFT \$150
Company Tracking Number: 2010-AR-HOME-RR-51
TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
Product Name: Homeowners
Project Name/Number: Rate/Rule/2010-AR-Home-RR-51

Exhibit 1 Ev of Chg-rev.pdf
Exhibit 13 - Disruption Chart-rev.pdf
Exhibit 14 - Capped Percentage Amounts-rev.pdf

	Item Status:	Status
Satisfied - Item: Response	Filed	08/11/2010

Comments:

Attachments:

Obj Rsp Letter.pdf
Exhibit 21 - Territorial Rels NHC - AR.pdf
Exhibit 22 - Market Tier Support AR.pdf

ARKANSAS INSURANCE DEPARTMENT

FORM H-1 HOMEOWNERS ABSTRACT

INSTRUCTIONS: All questions must be answered. If the answer is “none” or “not applicable”, so state. If all questions are not answered, the filing will not be accepted for review by the Department. Use a separate abstract for each company if filing for a group. Subsequent homeowners rate/rule submissions that do not alter the information contained herein need not include this form.

Company Name Safeco Insurance Company of America
NAIC # (including group #) 111-24740

1. If you have had an insurance to value campaign during the experience filing period, describe the campaign and estimate its impact.
We have mapped our inforce book of business to the new MSB cost estimator that we have adopted. We have used all the dwelling information that has been provided about each policy. If there was any missing data, MSB’s database filled in the missing data based on address, original year of construction, construction style, number of stories, total living area, and dwelling type.
2. If you use a cost estimator (or some similar method) in order to make sure that dwellings (or contents) are insured at their value, state when this program was started in Arkansas and estimate its impact.
We contract with the Marshall Swift Boeckh Co. (MSB) to estimate dwelling values for the purpose of making sure that they are insured 100% to replacement value. Use of MSB estimates is the prevailing method throughout the industry. We have recently adopted a new MSB estimator RCT (Residential Component Technology) that has been in effect for new business in Arkansas since November of 2007.
3. If you require a minimum relationship between the amount of insurance to be written and the replacement value of the dwelling (contents) in order to purchase insurance, describe the procedures that are used.
Customers are required to have the dwelling insured 100% to value. Dwelling value is determined using the Marshall Swift Boeckh Co. Cost estimator as described above.
4. If you use an Inflation Guard form or similar type of coverage, describe the coverage(s) and estimate the impact.
We will be running every policy through MSB’s cost estimator (RCT) upon renewal. They determine inflationary cost increases on a three digit zip-code basis.
5. Specify the percentage given for credit or discounts for the following:

a. Fire Extinguisher	0	%
b. Burglar Alarm	2	%
c. Smoke Alarm	0	%
d. Insured who has both homeowners and auto with your company	15	%
e. Deadbolt Locks	0	%
f. Window or Door Locks	0	%
g. Other (specify)		
Newer Home Credit	2-34	%
Renewal Credit	2-12	%
Umbrella Credit	2	%
Sprinkler Credit	4,7	%
6. Are there any areas in the State of Arkansas in which your company will not write homeowners insurance? If so, state the areas and explain reason for not writing.
No

7. Specify the form(s) utilized in writing homeowners insurance. Indicate the Arkansas premium volume for each form.

Form	Premium Volume
Homeowners Form 30	\$7,677,745
Condominium Form 85 (Enhanced Protection Condo)	\$3,790
Condominium Form 88 (Quality Plus Condo)	\$71,304
Renters Form 4	\$216,580

8. Do you write homeowner risks which have aluminum, steel or vinyl siding? Yes No

9. Is there a surcharge on risks with wood heat? No

If yes, state the surcharge _____

Does the surcharge apply to conventional fireplaces? No

If yes, state the surcharge _____

THE INFORMATION PROVIDED IS CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



Signature

Jeff Estes

Printed Name

Sr. Director, Product Management

Title

314.909.4867

Telephone Number

Jeffrey.Estes@safeco.com

Email Address

NAIC Number: 24740
 Company Name: Safeco Insurance Company of America
 Contact Person: Jeff Estes
 Telephone No.: 314.909.4867
 Email Address: jeffery.estes@safeco.com
 Effective Date: 8/14/2010

**Homeowners Premium Comparison Survey Form
 FORM HPCS - last modified August, 2005**

Submit to: Arkansas Insurance Department
 1200 West Third Street
 Little Rock, AR 72201-1904
 Telephone: 501-371-2800
 Email as an attachment to insurance.pnc@arkansas.gov
 You may also attach to a SERFF filing or submit on a cdr disk

**USE THE APPROPRIATE FORM BELOW - IF NOT APPLICABLE, LEAVE
 BLANK**

Survey Form for HO3 (Homeowners) - Use \$500 Flat Deductible (Covers risk of direct physical loss for dwelling and other structures; named perils for personal property, replacement cost on dwelling, actual cash value on personal property)

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Desha		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000	\$531.00	\$590.00	\$585.00	\$650.00	\$599.00	\$666.00	\$700.00	\$777.00	\$596.00	\$662.00	\$596.00	\$662.00	\$631.00	\$701.00	\$570.00	\$633.00	\$575.00	\$638.00
	\$120,000	\$537.00	\$590.00	\$591.00	\$650.00	\$606.00	\$666.00	\$707.00	\$777.00	\$603.00	\$662.00	\$603.00	\$662.00	\$638.00	\$701.00	\$576.00	\$633.00	\$581.00	\$638.00
	\$160,000	\$1,314.00	\$1,457.00	\$1,448.00	\$1,605.00	\$1,483.00	\$1,644.00	\$1,732.00	\$1,920.00	\$1,475.00	\$1,636.00	\$1,475.00	\$1,636.00	\$1,562.00	\$1,731.00	\$1,411.00	\$1,565.00	\$1,422.00	\$1,577.00
6	\$80,000	\$707.00	\$786.00	\$779.00	\$866.00	\$798.00	\$887.00	\$932.00	\$1,036.00	\$794.00	\$882.00	\$794.00	\$882.00	\$841.00	\$934.00	\$760.00	\$844.00	\$766.00	\$851.00
	\$120,000	\$715.00	\$786.00	\$788.00	\$866.00	\$807.00	\$887.00	\$943.00	\$1,036.00	\$803.00	\$882.00	\$803.00	\$882.00	\$850.00	\$934.00	\$768.00	\$844.00	\$774.00	\$851.00
	\$160,000	\$1,751.00	\$1,941.00	\$1,929.00	\$2,139.00	\$1,976.00	\$2,191.00	\$2,308.00	\$2,559.00	\$1,966.00	\$2,180.00	\$1,966.00	\$2,180.00	\$2,081.00	\$2,307.00	\$1,881.00	\$2,085.00	\$1,895.00	\$2,101.00
9	\$80,000	\$880.00	\$978.00	\$970.00	\$1,077.00	\$993.00	\$1,103.00	\$1,160.00	\$1,289.00	\$988.00	\$1,098.00	\$988.00	\$1,098.00	\$1,046.00	\$1,162.00	\$945.00	\$1,050.00	\$952.00	\$1,058.00
	\$120,000	\$890.00	\$978.00	\$980.00	\$1,077.00	\$1,004.00	\$1,103.00	\$1,173.00	\$1,289.00	\$999.00	\$1,098.00	\$999.00	\$1,098.00	\$1,057.00	\$1,162.00	\$956.00	\$1,050.00	\$963.00	\$1,058.00
	\$160,000	\$2,179.00	\$2,415.00	\$2,400.00	\$2,661.00	\$2,458.00	\$2,725.00	\$2,871.00	\$3,183.00	\$2,446.00	\$2,712.00	\$2,446.00	\$2,712.00	\$2,589.00	\$2,870.00	\$2,340.00	\$2,594.00	\$2,358.00	\$2,614.00

Survey Form for HO4 (Renters) - Use \$500 Flat Deductible (Named perils for personal property, actual cash value for loss, liability and medical payments for others included)

Public Protection Class	Property Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$5,000																		
	\$15,000																		
	\$25,000																		
6	\$5,000																		
	\$15,000																		
	\$25,000																		
9	\$5,000																		
	\$15,000																		
	\$25,000																		

Survey Form for DP-2 (Dwelling/Fire) - Use \$500 Flat Deductible (Named perils for dwelling and personal property; replacement cost for dwelling, actual cash value for personal property, no liability coverage)

Public Protection Class	Dwelling Value	Washington		Baxter		Craighead		St. Francis		Arkansas		Union		Miller		Sebastian		Pulaski	
		Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame	Brick	Frame
3	\$80,000																		
	\$120,000																		
	\$160,000																		
6	\$80,000																		
	\$120,000																		
	\$160,000																		
9	\$80,000																		
	\$120,000																		
	\$160,000																		

SPECIFY THE PERCENTAGE GIVEN FOR CREDITS OR DISCOUNTS FOR THE FOLLOWING:

HO3 and HO4 only

Fire Extinguisher	0 %	Deadbolt Lock	0 %
Burglar Alarm	2 %	Window Locks	0 %
Smoke Alarm	0 %	\$1,000 Deductible	Cov A Depen %
		Other (specify)	

EARTHQUAKE INSURANCE

IMPORTANT, homeowners insurance does NOT automatically cover losses from earthquakes. Ask your agent about this co

ARE YOU CURRENTLY WRITING EARTHQUAKE COVERAGE IN ARKANSAS? (yes or no)
 WHAT IS YOUR PERCENTAGE DEDUCTIBLE? %

Zone Brick Frame

NAIC LOSS COST DATA ENTRY DOCUMENT (EFFECTIVE AUG. 16, 2004)

1.	This filing transmittal is part of Company Tracking #	2010-AR-Home-RR-51
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of advisory organization and Reference/Item Filing Number	
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	Company Name		Company NAIC Number
3.	A.	Safeco Insurance Company of America	B. 111-24740

		Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A.	4.0 - Homeowners	B.	4.0000 – Homeowners Sub-TOI Combinations

5.			FOR LOSS COSTS ONLY					
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	COVERAGE (See Instructions)	Indicated % Rate Level Change	Requested % Rate Level Change	Expected Loss Ratio	Loss Cost Modification Factor	Selected Loss Cost Multiplier	Expense Constant (If Applicable)	Co. Current Loss Cost Multiplier
	Homeowners	28.9	10.3					
	Condo	2.3	2.7					
	TOTAL OVERALL EFFECT		10.0					

6.	5 Year History		Rate Change History					
	Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
	2009	7761	6.8	7/23/09	\$6805	\$8713	128.0	57.58
	2008	7384	1.9%	6/12/08	\$6366	\$6678	104.9%	65.4
	2007	6976	-2.6%	7/12/07	\$5892	\$2658	45.1%	51.4
	2006	6606	N/A		\$5492	\$2672	48.7%	45.4
	2005	6416	-2.5%	8/18/05	\$5436	\$2321	42.7%	39.4

7.	Expense Constants	Selected Provisions
	A. Total Production Expense	16.55
	B. General Expense	7.29
	C. Taxes, License & Fees	3.54
	D. Underwriting Profit & Contingencies	9.10
	E. Other (catastrophe reinsurance)	.10
	F. TOTAL	36.58

- 8.** N/A Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 24.3 Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
- 10.** -5.5 Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

EXHIBIT 2 - EXPLANATORY MEMORANDUM: Homeowners

Rate Level Indication

- Columns (2), (3) and (5) are the sum of the actual earned premiums, earned premiums at current rate level and the trended earned premiums at the current rate level (EPCRL) for the past five fiscal calendar years ending on the fourth quarter of each year. Premium trend factors (Column (4)) bring the premiums "up-to-date" and project them forward to the average date the policy is written in the effective period, based on a policy period of 7/1/2010 to 7/1/2011. The standard parallelogram method is used to derive the current rate level factors. Exhibit 2-A shows the details of the premium trend and of the current rate level factors used to adjust figures in Column (2) to Columns (3) and (5).

Exhibit 2-A contains two adjustments which are summarized on page 1. The first one is to adjust Earned Premium (EP) to the current rate level creating Earned Premium at the Current Rate Level (EPCRL). The second one values EPCRL at the projected average amount of insurance (EPCRL w/ premium trend).

The EPCRL factors on page 2 are developed from the Safeco rate history in Arkansas using the standard actuarial approach (typically known as the "parallelogram method"). This is done for individual quarters, and the quarterly EPCRL factors are applied to the quarterly EP, producing quarterly EPCRL. Page 5 shows the rate history for the state by form and company.

Pages 3 and 4 show the Premium Trend calculation. The Up-to-Date premium trends are calculated to bring the average EPCRL to the current average level, reflecting the current distribution of policy holders. The projected premium trend is calculated to incorporate impacts from inflation, deductible shifts and market tiers.

- Column (6) represents non-weather losses that have been leveled for abnormal severity fluctuations and brought to ultimate by means of loss development factors. When leveling, we smooth losses that are greater than \$100,000. Exhibit 2-B shows the loss development analysis. Exhibit 2-C shows the details of the large loss leveling procedure.

The ultimate capped incurred losses shown on page 1 of Exhibit 2-B are based on a loss development analysis. The chain ladder method is applied to non-weather incurred losses capped at \$100,000, capped at \$1,000,000, and uncapped. This is done separately for property versus liability claims. The result is ultimate non-weather incurred losses for property and liability, for each company, for each capping level. The property and liability ultimates are added (as shown for the \$100,000 cap amount on page 1 of Exhibit 2-B); to derive ultimate non-weather incurred loss for each Form group at the three capped amounts. The remaining pages of Exhibit 2-B show the derivations of all of the non-weather loss development components.

Exhibit 2-C shows how large loss factors from an eight-year experience period are used to supplement capped losses from the latest five years, resulting in smoothed total loss estimates for the five year period. Page 1 is a summary. On page 2, the losses capped at \$1,000,000 are compared to the losses capped at \$100,000 in order to create a factor for the layer from \$100,000 to \$1,000,000. The latest eight annual factors are averaged to produce a large loss factor for the

layer. The same procedure is used to handle the layer from \$1,000,000 to uncapped. The factor from \$100,000 to \$1,000,000 and from \$1,000,000 to uncapped were calculated based on Arkansas-specific experience. The projected large loss factor, calculated on the bottom of page 2, is the product of the factors for the two excess layers.

- Column (7) displays the loss cost trend factors based on Safeco data. Loss cost trend factors bring the losses "up-to-date" and project them forward to the average date of loss for the effective policy. Exhibit 2-D provides the detailed calculations and data for the selected up-to-date and projected loss cost annual percentages of change.
- Line (10.1) is the weighted projected non-weather loss ratio excluding adjustment expense.
- Line (10.2) is the projected weather loss ratio excluding adjustment expense. Exhibit 2-E shows how the ex-hurricane weather loss ratio is calculated. Actual Arkansas weather ex-hurricane frequency and severity amounts on page 1 are projected to the average date of loss using weather trend factors. The weather trend factors are selected on page 2 using Arkansas data. The resulting projected weather ex-hurricane pure premium is converted to a weather ex-hurricane loss ratio on line (D) of page 1.
- Line (13), the projected adjustment expense ratio, is the average of the ratio of adjustment expenses to incurred losses for the last 3 years (for Countrywide data excluding California), and the 2008 company plan ratio of adjustment expenses to incurred losses. Please see Exhibit 2-F.
- Line (14.1) is the projected fixed expense ratio. The projected Fixed Expense Ratio is calculated by projecting the latest year's dollars to the midpoint of the effective period and dividing by average projected EPCRL. Please see Exhibit 2-F.
- Line (14.2) is the projected variable expense ratio excluding the profit provision. As seen in Exhibit 2-F, the ratio is the sum of commissions, variable general operating expenses, and taxes.
- Line (14.3) is the profit provision.
- Line (15.1) is our projected trend. It is used to project our expected loss ratio, line (15.2), to the date of the average policy effective period.
- Line (15.2) is our expected loss ratio assuming our rates are adequate. It is used as a credibility complement.
- Line (16) is the credibility of the experience period based on a full credibility criterion of 80,000 earned house years. The five-year total of earned house years over the experience period equals 29,790. The square root rule was applied to the ratio of this total to the criterion.
- Line (17) develops the percentage rate change indication.

Rate Level Indications
Quality Plus Homes & Enhanced Protection Homes
SAFECO Insurance Companies
ARKANSAS

Exhibit 2

For Prospective Business Written 07/01/2010 to 07/01/2011

Fiscal Year Ending (1)	Earned Premium (2)	Earned Premium at Current Rate Level (3)	Premium Trend (4)	Earned Premium at Current Rate Level (incl. Premium Trend) (5) = (3) * (4)	Leveled Accident Year Non-Weather Losses (6)	Non-Weather Loss Cost Trend (7)	Projected Non-Weather Losses (8) = (6) * (7)	Projected Non-Weather Loss Ratio (9) = 100 * (8) / (5)	Weights
12/31/2005	5,208,272	5,264,421	1.190	6,263,969	2,095,548	1.896	3,974,072	63.4%	10%
12/31/2006	5,222,064	5,406,668	1.183	6,397,488	1,440,137	1.746	2,514,635	39.3%	15%
12/31/2007	5,582,100	5,919,897	1.142	6,762,668	2,421,614	1.561	3,780,423	55.9%	20%
12/31/2008	6,016,043	6,547,331	1.099	7,194,036	3,114,568	1.398	4,352,919	60.5%	25%
12/31/2009	6,482,856	6,963,376	1.060	7,378,246	4,282,771	1.241	5,314,756	72.0%	30%
							<u>Non-Hurricane</u>	<u>Hurricane</u>	<u>Total</u>
				(10.1) Projected Non-Weather Loss Ratio = Weighted Average of Column (9)			60.2%	N/A	
				(10.2) Projected Weather Loss Ratio			21.0%	0.0%	
				(10.3) Cat-Fire Provision			0.0%		
				(11.1) Non- Hurricane Projected Loss Ratio = (10.2) + (10.1)			81.2%		
				(11.2) Hurricane Projected Loss Ratio = (10.2)				0.0%	
				(12) Credibility Weighted Loss Ratio = (11.1)*(16) + [1 - (16)]*[(15) - (11.2)] + (11.2)					71.9%
				(13) Projected AE Ratio to Losses					17.3%
				(14.1) Projected Fixed Expense Ratio					5.5%
				(14.2) Projected Variable Expense Ratio (Excluding Profit Provision)					21.9%
				(14.3) Profit Provision					9.1%
				(15.1) Projected Trend (Projected Overall LC Trend / Projected Premium Trend)					1.061
				(15.2) Permissible Loss Ratio = [1 - (14.1) - (14.2) - (14.3)] / [1 + (13)] * (15.1)					57.4%
				(16) Credibility of Experience Period w/ Full Credibility = 80,000 Earned House Years					61.0%
				(17) Indicated Rate Level Change = [(12)*(1 + (13)) + (14.1)] / [1 - (14.2) - (14.3)] - 1					30.3%

Exhibit 2A, page 1
Adjustments to Earned Premium
SAFECO Insurance Companies
Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes
ARKANSAS

FISCAL CALENDAR YEAR ENDING (1)	EARNED PREMIUM (2)	EARNED PREMIUM AT THE CURRENT RATE LEVEL FACTOR (3)	PREMIUM TREND FACTOR (4)	EARNED PREMIUM AT THE CURRENT RATE LEVEL w/ PREMIUM TREND (5)
12/31/2005	5,208,272	1.011	1.190	6,263,969
12/31/2006	5,222,064	1.035	1.183	6,397,488
12/31/2007	5,582,100	1.061	1.142	6,762,668
12/31/2008	6,016,043	1.088	1.099	7,194,036
12/31/2009	6,482,856	1.074	1.060	7,378,246

Column (2) is the sum of Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes for SAFECO and is equal to Exhibit 2-A, Page 2, Column (2)

Column (3) is shown on Exhibit 2-A, Page 2, Column (3)

Column (4) is shown on Exhibit 2-A, Page 3, Column (3)

Column (5) is the product of Column (2), Column (3) and Column (4) and is equal to Exhibit 2-A, Page 3, Column (4)

Exhibit 2A, page 2
Calculation of Earned Premium at Current Rate Level
SAFECO Insurance Companies

Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes
ARKANSAS

SAFECO REGULAR HOMES

FISCAL CALENDAR YEAR ENDING (1A)	EARNED PREMIUM (2A)	EPCRL ADJUSTMENT FACTOR (3A)	EARNED PREMIUM AT CURRENT RATE LEVEL (4A)=(2A)x(3A)
12/31/2005	0		0
12/31/2006	0		0
12/31/2007	0		0
12/31/2008	0		0
12/31/2009	0		0

SAFECO QUALITY PLUS HOMES

FISCAL CALENDAR YEAR ENDING (1B)	EARNED PREMIUM (2B)	EPCRL ADJUSTMENT FACTOR (3B)	EARNED PREMIUM AT CURRENT RATE LEVEL (4B)=(2B)x(3B)
12/31/2005	4,900,173	1.003	4,915,753
12/31/2006	4,977,595	1.034	5,145,495
12/31/2007	5,356,446	1.061	5,682,380
12/31/2008	5,721,711	1.089	6,228,510
12/31/2009	6,043,554	1.075	6,495,437

SAFECO OPTIMUM PROTECTION HOMES

FISCAL CALENDAR YEAR ENDING (1C)	EARNED PREMIUM (2C)	EPCRL ADJUSTMENT FACTOR (3C)	EARNED PREMIUM AT CURRENT RATE LEVEL (4C)=(2C)x(3C)
12/31/2005	0		0
12/31/2006	0		0
12/31/2007	23,860	1.067	25,452
12/31/2008	129,354	1.089	140,812
12/31/2009	231,084	1.075	248,362

SAFECO ENHANCED PROTECTION HOMES

FISCAL CALENDAR YEAR ENDING (1D)	EARNED PREMIUM (2D)	EPCRL ADJUSTMENT FACTOR (3D)	EARNED PREMIUM AT CURRENT RATE LEVEL (4D)=(2D)x(3D)
12/31/2005	308,099	1.132	348,669
12/31/2006	244,469	1.068	261,173
12/31/2007	201,794	1.051	212,065
12/31/2008	164,977	1.079	178,009
12/31/2009	208,217	1.055	219,577

Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes

FISCAL CALENDAR YEAR ENDING (1)	EARNED PREMIUM (2) = (2A)+ (2B)+(2C)+(2D)	EPCRL ADJUSTMENT FACTOR (3) = (4) / (2)	EARNED PREMIUM AT CURRENT RATE LEVEL (4) = (4A)+ (4B)+(4C)+(4D)
12/31/2005	5,208,272	1.011	5,264,421
12/31/2006	5,222,064	1.035	5,406,668
12/31/2007	5,582,100	1.061	5,919,897
12/31/2008	6,016,043	1.088	6,547,331
12/31/2009	6,482,856	1.074	6,963,376

Exhibit 2A, page 3

**Calculation of Earned Premium at Current Rate Level (Including Premium Trend)
SAFECO Insurance Companies
Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes
ARKANSAS**

<u>SAFECO REGULAR HOMES</u>			
FISCAL CALENDAR YEAR ENDING (1A)	EARNED PREMIUM (2A)	PREMIUM TREND FACTOR (3A)	EARNED PREMIUM AT CURRENT RATE LEVEL (w/ PREMIUM TREND) (4A)=(2A)x(3A)
12/31/2005	0	1.190	0
12/31/2006	0	1.183	0
12/31/2007	0	1.142	0
12/31/2008	0	1.099	0
12/31/2009	0	1.060	0

<u>SAFECO QUALITY PLUS HOMES</u>			
FISCAL CALENDAR YEAR ENDING (1B)	EARNED PREMIUM (2B)	PREMIUM TREND FACTOR (3B)	EARNED PREMIUM AT CURRENT RATE LEVEL (w/ PREMIUM TREND) (4B)=(2B)x(3B)
12/31/2005	4,915,753	1.190	5,849,100
12/31/2006	5,145,495	1.183	6,088,453
12/31/2007	5,682,380	1.142	6,491,338
12/31/2008	6,228,510	1.099	6,843,724
12/31/2009	6,495,437	1.060	6,882,427

<u>SAFECO OPTIMUM PROTECTION HOMES</u>			
FISCAL CALENDAR YEAR ENDING (1C)	EARNED PREMIUM (2C)	PREMIUM TREND FACTOR (3C)	EARNED PREMIUM AT CURRENT RATE LEVEL (w/ PREMIUM TREND) (4C)=(2C)x(3C)
12/31/2005	0	1.190	0
12/31/2006	0	1.183	0
12/31/2007	25,452	1.142	29,075
12/31/2008	140,812	1.099	154,721
12/31/2009	248,362	1.060	263,160

<u>SAFECO ENHANCED PROTECTION HOMES</u>			
FISCAL CALENDAR YEAR ENDING (1D)	EARNED PREMIUM (2D)	PREMIUM TREND FACTOR (3D)	EARNED PREMIUM AT CURRENT RATE LEVEL (w/ PREMIUM TREND) (4D)=(2D)x(3D)
12/31/2005	348,669	1.190	414,870
12/31/2006	261,173	1.183	309,035
12/31/2007	212,065	1.142	242,255
12/31/2008	178,009	1.099	195,592
12/31/2009	219,577	1.060	232,659

<u>Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes</u>			
FISCAL CALENDAR YEAR ENDING (1)	EARNED PREMIUM AT CURRENT RATE LEVEL (2) = (2A)+ (2B)+(2C)+(2D)	PREMIUM TREND FACTOR (3) = (4) / (2)	EARNED PREMIUM AT CURRENT RATE LEVEL (w/ PREMIUM TREND) (4) = (4A)+ (4B)+(4C)+(4D)
12/31/2005	5,264,421	1.190	6,263,969
12/31/2006	5,406,668	1.183	6,397,488
12/31/2007	5,919,897	1.142	6,762,668
12/31/2008	6,547,331	1.099	7,194,036
12/31/2009	6,963,376	1.060	7,378,246

Column (3) combines the Up-to-Date Trend and the Projected Trend. Both are shown in Exhibit 2-A, Page 4

Exhibit 2A, page 4
Calculation of Premium Trend Factor
SAFECO Insurance Companies
Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes
ARKANSAS

Up-To-Date Premium Trend Calculation

Fiscal Calendar Year Ending	Earned House Years (1)	EPCRL (2)	EPCRL Per Policy (3)=(2)/(1)	UTD EPCRL Trend Factor (4)= 1077 / (3)
12/31/2005	5,489	5,264,421	959	1.123
12/31/2006	5,606	5,406,668	964	1.117
12/31/2007	5,926	5,919,897	999	1.078
12/31/2008	6,304	6,547,331	1,039	1.037
12/31/2009	6,465	6,963,376	1,077	1.000

Policy Amount Premium Trend

Fiscal Calendar Year Ending	Average Policy Amount Relativity	Annual Change	Annual Projected Trend Based on Boeckh/Marshall&Swift
12/31/2008	1.736		
12/31/2009	1.789	3.1%	2.0%

Policy Amount Trend: 2.0%
Estimate from Conversion to RCT: 8.7%
Selected Annual Projected Trend: **2.2%**

Deductible Premium Trend

Fiscal Calendar Year Ending	Average Deductible Relativity	Annual Change
12/31/2008	0.919	
12/31/2009	0.921	0.2%

Selected Annual Projected Trend: **0.1%**

Market Tier Premium Trend

Fiscal Calendar Year Ending	Average Market Relativity	Annual Change
12/31/2008	1.256	
12/31/2009	1.254	-0.2%

Estimate from Change in Optimum Scoring Rules: 2.5%
Selected Annual Projected Trend: **0.1%**

Projected Premium Trend Calculation

Projected Premium Trend = Policy Amount Premium Trend x Deductible Premium Trend x Market Tier Premium Trend

Total Calculated Annual Projected Trend	2.4%
Historical EPCRL Trend	2.9%
Total Annual Projected Trend	2.9%

Exhibit 2A, page 5
Rate History
SAFECO Insurance Companies
Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes
ARKANSAS

<u>Companies</u>	<u>Quality Plus and Optimum Homes</u>	
SAFECO	Renewal Business	Rate Change
SAFECO First National	Effective Date	Amount
SAFECO General		
	9/27/2005	-3.3%
	12/20/2005	-1.1%
	11/7/2006	-1.5%
	8/21/2007	-3.0%
	7/22/2008	2.0%
	9/1/2009	7.6%

<u>Companies</u>	<u>Quality Crest and Enhanced Protection Homes</u>	
SAFECO	Renewal Business	Rate Change
SAFECO First National	Effective Date	Amount
SAFECO General		
	9/27/2005	8.9%
	11/7/2006	-0.6%
	8/21/2007	-3.4%
	7/22/2008	1.1%
	9/1/2009	7.6%

<u>Companies</u>	<u>Essential, New Quality Plus, and Optimum Homes</u>	
SAFECO	Renewal Business	Rate Change
SAFECO First National	Effective Date	Amount
SAFECO General		
	9/1/2009	7.6%

Exhibit 2B, page 1
Loss Development Factors
SAFECO Insurance Companies
Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes
ARKANSAS
NonWeather

Accident Year Ending	Incurred to Date Capped @ \$100,000			Ultimate Capped Incurred Losses (4)
	Property (1)	Liability (2)	Total (3) = (1) + (2)	
12/31/2005	1,215,519	8,637	1,224,156	1,224,035
12/31/2006	839,649	1,614	841,263	841,202
12/31/2007	1,388,346	27,409	1,415,755	1,414,494
12/31/2008	1,609,090	220,996	1,830,086	1,819,257
12/31/2009	2,300,525	91,529	2,392,054	2,501,619

**SAFECO Insurance Companies
Loss Development Factors as of 12/31/2009
Nonweather Losses
ARKANSAS**

Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes

PROPERTY INCURRED CAPPED AT \$100,000 (NET OF S/S/D INCURRED)

Accident Year Ending	12	24	36	48	60	72	84	96	Est. Ultimate
12/31/2002	654,441	869,557	869,815	869,815	869,815	869,815	869,815	869,815	869,815
12/31/2003	696,276	705,274	705,274	705,754	705,754	705,754	716,254	-	716,254
12/31/2004	677,156	699,677	686,542	686,542	686,542	686,542	-	-	686,542
12/31/2005	1,142,738	1,167,321	1,242,301	1,242,301	1,215,519	-	-	-	1,215,519
12/31/2006	828,143	839,649	839,649	839,649	-	-	-	-	839,649
12/31/2007	1,379,970	1,389,315	1,388,346	-	-	-	-	-	1,388,346
12/31/2008	1,373,909	1,609,090	-	-	-	-	-	-	1,609,090
12/31/2009	2,300,525	-	-	-	-	-	-	-	2,300,525

Development Quarters

Accident Year Ending	12-24 case rx	12-24	24-36	36-48	48-60	60-72	72-84	84-96	
12/31/2002	1.303	1.329	1.000	1.000	1.000	1.000	1.000	1.000	
12/31/2003	0.993	1.013	1.000	1.001	1.000	1.000	1.015		
12/31/2004	1.013	1.033	0.981	1.000	1.000	1.000			
12/31/2005	1.022	1.022	1.064	1.000	0.978				
12/31/2006	1.014	1.014	1.000	1.000					
12/31/2007	1.007	1.007	0.999						
12/31/2008	1.171	1.171							
Average	all	1.084	1.008	1.000	0.995	1.000	1.007	1.000	
Weighted	all	1.071	1.011	1.000	0.992	1.000			
Exc hi & lo	all	1.045	1.000	1.000	1.000				
Exc hi & lo	5 yrs	1.016	1.000	1.000					
Avg	3 yrs	1.064	1.021	1.000	0.993				
CW ex CA FL MA TX MI		1.044	0.998	0.999	1.000	1.000	1.000	1.000	1.000
Selected		1.045	1.000						
ULDF		1.045	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Tail

**SAFECO Insurance Companies
Loss Development Factors as of 12/31/2009
Nonweather Losses
ARKANSAS**

Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes

PROPERTY INCURRED CAPPED AT \$1,000,000 (NET OF S/S/D INCURRED)

Accident Year Ending	12	24	36	48	60	72	84	96	Est. Ultimate
12/31/2002	774,941	956,371	956,629	956,629	956,629	956,629	956,629	956,629	956,629
12/31/2003	1,331,344	1,298,128	1,298,128	1,298,608	1,298,608	1,298,608	1,309,108	-	1,309,108
12/31/2004	1,104,395	1,104,424	1,196,985	1,196,985	1,196,985	1,196,985	-	-	1,196,985
12/31/2005	1,841,995	1,737,279	1,825,241	1,839,867	1,785,411	-	-	-	1,785,411
12/31/2006	1,349,630	1,384,150	1,375,312	1,375,312	-	-	-	-	1,375,312
12/31/2007	2,208,635	2,124,978	2,118,028	-	-	-	-	-	2,118,028
12/31/2008	2,021,880	2,189,212	-	-	-	-	-	-	2,189,212
12/31/2009	5,059,743	-	-	-	-	-	-	-	5,059,743

Development Quarters

Accident Year Ending	12-24 case rx	12-24	24-36	36-48	48-60	60-72	72-84	84-96	
12/31/2002	1.219	1.234	1.000	1.000	1.000	1.000	1.000	1.000	
12/31/2003	0.963	0.975	1.000	1.000	1.000	1.000	1.008		
12/31/2004	0.988	1.000	1.084	1.000	1.000	1.000			
12/31/2005	0.943	0.943	1.051	1.008	0.970				
12/31/2006	1.026	1.026	0.994	1.000					
12/31/2007	0.962	0.962	0.997						
12/31/2008	1.083	1.083							
Average	all	1.032	1.021	1.002	0.993	1.000	1.004	1.000	
Weighted	all	1.011	1.019	1.002	0.990	1.000			
Exc hi & lo	all	1.004	1.012	1.000	1.000				
Exc hi & lo	5 yrs	0.992	1.016	1.000					
Avg	3 yrs	1.023	1.014	1.003	0.990				
CW ex CA FL MA TX MI		1.027	0.988	0.995	1.000	1.000	1.000	1.000	1.000
Selected		1.023	1.014	1.000	1.000	1.000	1.000	1.000	1.000
ULDF		1.037	1.014	1.000	1.000	1.000	1.000	1.000	1.000

Tail

**SAFECO Insurance Companies
Loss Development Factors as of 12/31/2009
Nonweather Losses
ARKANSAS**

Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes

PROPERTY UNCAPPED INCURRED LOSS (NET OF S/S/D INCURRED)

Accident Year Ending	12	24	36	48	60	72	84	96	Est. Ultimate
12/31/2002	774,941	956,371	956,629	956,629	956,629	956,629	956,629	956,629	956,629
12/31/2003	1,331,344	1,298,128	1,298,128	1,298,608	1,298,608	1,298,608	1,309,108	-	1,309,108
12/31/2004	1,104,395	1,104,424	1,196,985	1,196,985	1,196,985	1,196,985	-	-	1,196,985
12/31/2005	1,841,995	1,737,279	1,825,241	1,839,867	1,785,411	-	-	-	1,785,411
12/31/2006	1,349,630	1,384,150	1,375,312	1,375,312	-	-	-	-	1,375,312
12/31/2007	2,208,635	2,124,978	2,118,028	-	-	-	-	-	2,118,028
12/31/2008	2,021,880	2,189,212	-	-	-	-	-	-	2,189,212
12/31/2009	5,059,743	-	-	-	-	-	-	-	5,059,743

Development Quarters

Accident Year Ending	12-24 case rx	12-24	24-36	36-48	48-60	60-72	72-84	84-96	
12/31/2002	1.220693422	1.234	1.000	1.000	1.000	1.000	1.000	1.000	
12/31/2003	0.964441915	0.975	1.000	1.000	1.000	1.000	1.008		
12/31/2004	0.989145656	1.000	1.084	1.000	1.000	1.000			
12/31/2005	0.943150769	0.943	1.051	1.008	0.970				
12/31/2006	1.02557738	1.026	0.994	1.000					
12/31/2007	0.962122759	0.962	0.997						
12/31/2008	1.082760599	1.083							
Average	all	1.032	1.021	1.002	0.993	1.000	1.004	1.000	
Weighted	all	1.012	1.019	1.002	0.990	1.000			
Exc hi & lo	all	1.005	1.012	1.000	1.000				
Exc hi & lo	5 yrs	0.992	1.016	1.000					
Avg	3 yrs	1.023	1.014	1.003	0.990				
CW ex CA FL MA TX MI		1.033	0.988	0.995	1.000	1.000	1.000	1.000	1.000
Selected		1.023	1.014	1.000	1.000	1.000	1.000	1.000	1.000
ULDF		1.037	1.014	1.000	1.000	1.000	1.000	1.000	1.000

Tail

SAFECO Insurance Companies

Loss Development Factors as of 12/31/2009

Nonweather Losses

ARKANSAS

Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes

LIABILITY INCURRED CAPPED AT \$100,000 (NET OF S/S/D INCURRED)

Accident Year Ending	12	24	36	48	60	72	84	96	Est. Ultimate
12/31/2002	22,658	27,490	27,490	22,490	22,490	22,490	22,490	22,490	22,490
12/31/2003	40,040	41,575	11,575	11,575	11,575	11,575	11,575	-	11,575
12/31/2004	108,736	109,236	109,236	109,236	109,236	9,236	-	-	9,236
12/31/2005	8,969	8,637	8,637	8,637	8,637	-	-	-	8,637
12/31/2006	1,614	1,614	1,614	1,614	-	-	-	-	1,614
12/31/2007	37,409	24,909	27,409	-	-	-	-	-	27,409
12/31/2008	159,151	220,996	-	-	-	-	-	-	220,996
12/31/2009	91,529	-	-	-	-	-	-	-	91,529

Development Quarters

Accident Year Ending	12-24 case rx	12-24	24-36	36-48	48-60	60-72	72-84	84-96	
12/31/2002		1.213	1.000	0.818	1.000	1.000	1.000	1.000	
12/31/2003		1.038	0.278	1.000	1.000	1.000	1.000		
12/31/2004		1.005	1.000	1.000	1.000	0.085			
12/31/2005		0.963	1.000	1.000	1.000				
12/31/2006		1.000	1.000	1.000					
12/31/2007		0.666	1.100						
12/31/2008		1.389							
Average	all	1.039	0.896	0.964	1.000	0.695	1.000	1.000	
Weighted	all	1.148	0.871	0.968	1.000	0.302			
Exc hi & lo	all	1.044	1.000	1.000	1.000				
Exc hi & lo	5 yrs	0.989	1.000	1.000					
Avg	3 yrs	1.018	1.033	1.000	1.000				
CW ex CA FL MA TX MI		1.121	0.996	0.992	0.976	0.986	1.000	1.000	Tail 1.000
Selected		1.121	0.996	0.992	0.976	0.986	1.000	1.000	1.000
ULDF		1.066	0.951	0.954	0.962	0.986	1.000	1.000	1.000

SAFECO Insurance Companies
Loss Development Factors as of 12/31/2009
Nonweather Losses
ARKANSAS
Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes

LIABILITY INCURRED CAPPED AT \$1,000,000 (NET OF S/S/D INCURRED)

Accident Year Ending	12	24	36	48	60	72	84	96	Est. Ultimate
12/31/2002	22,658	27,490	27,490	22,490	22,490	22,490	22,490	22,490	22,490
12/31/2003	40,040	41,575	11,575	11,575	11,575	11,575	11,575	-	11,575
12/31/2004	158,736	159,236	159,236	159,236	159,236	9,236	-	-	9,236
12/31/2005	8,969	8,637	8,637	8,637	8,637	-	-	-	8,637
12/31/2006	1,614	1,614	1,614	1,614	-	-	-	-	1,614
12/31/2007	37,409	24,909	27,409	-	-	-	-	-	27,409
12/31/2008	159,151	220,996	-	-	-	-	-	-	220,996
12/31/2009	91,529	-	-	-	-	-	-	-	91,529

Development Quarters

Accident Year Ending	12-24 case rx	12-24	24-36	36-48	48-60	60-72	72-84	84-96	
12/31/2002		1.213	1.000	0.818	1.000	1.000	1.000	1.000	
12/31/2003		1.038	0.278	1.000	1.000	1.000	1.000		
12/31/2004		1.003	1.000	1.000	1.000	0.058			
12/31/2005		0.963	1.000	1.000	1.000				
12/31/2006		1.000	1.000	1.000					
12/31/2007		0.666	1.100						
12/31/2008		1.389							
Average	all	1.039	0.896	0.964	1.000	0.686	1.000	1.000	
Weighted	all	1.130	0.896	0.976	1.000	0.224			
Exc hi & lo	all	1.044	1.000	1.000	1.000				
Exc hi & lo	5 yrs	0.989	1.000	1.000					
Avg	3 yrs	1.018	1.033	1.000	1.000				
CW ex CA FL MA TX MI		1.128	1.004	0.995	0.987	0.982	1.000	1.000	Tail 1.000
Selected		1.121	0.996	0.992	0.976	0.986	1.000	1.000	1.000
ULDF		1.066	0.951	0.954	0.962	0.986	1.000	1.000	1.000

SAFECO Insurance Companies
Loss Development Factors as of 12/31/2009
Nonweather Losses
ARKANSAS
Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes

LIABILITY UNCAPPED INCURRED LOSS (NET OF S/S/D INCURRED)

Accident Year Ending	12	24	36	48	60	72	84	96	Est. Ultimate
12/31/2002	22,658	27,490	27,490	22,490	22,490	22,490	22,490	22,490	22,490
12/31/2003	40,040	41,575	11,575	11,575	11,575	11,575	11,575	-	11,575
12/31/2004	158,736	159,236	159,236	159,236	159,236	9,236	-	-	9,236
12/31/2005	8,969	8,637	8,637	8,637	8,637	-	-	-	8,637
12/31/2006	1,614	1,614	1,614	1,614	-	-	-	-	1,614
12/31/2007	37,409	24,909	27,409	-	-	-	-	-	27,409
12/31/2008	159,151	220,996	-	-	-	-	-	-	220,996
12/31/2009	91,529	-	-	-	-	-	-	-	91,529

Development Quarters

Accident Year Ending	12-24 case rx	12-24	24-36	36-48	48-60	60-72	72-84	84-96	
12/31/2002		1.213	1.000	0.818	1.000	1.000	1.000	1.000	
12/31/2003		1.038	0.278	1.000	1.000	1.000	1.000		
12/31/2004		1.003	1.000	1.000	1.000	0.058			
12/31/2005		0.963	1.000	1.000	1.000				
12/31/2006		1.000	1.000	1.000					
12/31/2007		0.666	1.100						
12/31/2008		1.389							
Average	all	1.039	0.896	0.964	1.000	0.686	1.000	1.000	
Weighted	all	1.130	0.896	0.976	1.000	0.224			
Exc hi & lo	all	1.044	1.000	1.000	1.000				
Exc hi & lo	5 yrs	0.989	1.000	1.000					
Avg	3 yrs	1.018	1.033	1.000	1.000				
CW ex CA FL MA TX MI		1.128	1.004	0.995	0.987	0.982	1.000	1.000	Tail
Selected		1.121	0.996	0.992	0.976	0.986	1.000	1.000	1.000
ULDF		1.066	0.951	0.954	0.962	0.986	1.000	1.000	1.000

Exhibit 2C, page 1
Large Loss Leveling
SAFECO Insurance Companies
Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes
ARKANSAS
NonWeather

Accident Year Ending (1)	Ultimate Incurred Loss (2)	Ultimate Incurred Loss in Excess of \$100,000 per Individual Claim Capped at \$100,000 (3)	Leveled Losses (4) = <u>((2) - (3)) X 1.712</u>
12/31/2005	1,793,927	569,892	2,095,548
12/31/2006	1,376,865	535,663	1,440,137
12/31/2007	2,144,176	729,682	2,421,614
12/31/2008	2,430,028	610,771	3,114,568
12/31/2009	5,344,523	2,842,905	4,282,771

**Calculation of Large Loss Factor
SAFECO and ASI data combined
Cov A Forms - NonWeather Losses**

State: ARKANSAS CW - LH Group: A

Accident Year Ending (1)	Ultimate Incurred Losses Capped at \$100,000 (2)	Ultimate Incurred Losses Capped at \$1,000,000 (3)	Ultimate Incurred Losses Uncapped (4)	Layer 1 Large Loss Factor (5) = (3) / (2)	Layer 2 Large Loss Factor (6) = (4) / (3)	Layer 1 Large Loss Trend (7)	Layer 1 Trended Large Loss Factor (8)=(5)x(7)	Layer 2 Large Loss Trend (9)	Layer 2 Trended Large Loss Factor (10)=(6)x(9)
12/31/2002	892,305	979,119	979,119	1.097	1.000	1.183	1.299	1.046	1.046
12/31/2003	727,829	1,320,683	1,320,683	1.815	1.000	1.160	2.105	1.041	1.041
12/31/2004	695,778	1,206,221	1,206,221	1.734	1.000	1.137	1.972	1.036	1.036
12/31/2005	1,224,035	1,793,927	1,793,927	1.466	1.000	1.115	1.634	1.030	1.030
12/31/2006	841,202	1,376,865	1,376,865	1.637	1.000	1.093	1.789	1.025	1.025
12/31/2007	1,414,494	2,144,176	2,144,176	1.516	1.000	1.072	1.625	1.020	1.020
12/31/2008	1,819,257	2,430,028	2,430,028	1.336	1.000	1.051	1.404	1.015	1.015
12/31/2009	2,501,619	5,344,523	5,344,523	2.136	1.000	1.030	2.201	1.010	1.010
Average Large Loss Factor:				1.592	1.000		1.754		1.028

	<u>Fitted Trends</u>				<u>Selected Trends</u>		
	All Years	All Years Ex Hi/Lo	First 4 Years	Latest 5 Years	UTD First 5	UTD Lastest 4	Projected
Layer 1 Trend:	3.4%	-5.1%	8.6%	5.7%	2.0%	2.0%	1.5%
Layer 2 Trend:	0.0%	0.0%	0.0%	0.0%	0.5%	0.5%	0.5%

Selected Large Loss Factor	<u>Selected</u>	<u>CW - LH Group A LLFs</u>
A. For layer from \$100,000 to \$1,000,000 (Layer 1)	1.654	1.555
B. For layer above \$1,000,000 (Layer 2)	1.035	1.037
C. Projected large loss factor = (A) x (B)	1.712	1.613

*CW - LH Group A includes AL, AZ, AR, GA, IA, IN, KY, MD, MN, MO, MS, MT, NC, ND, NE, NH, NM, OH, OK, PA, SC, SD, TN, UT, WI, and WV.
The states in CW - LH Group A are those which have a small proportion of high-valued homes.

Exhibit 2D, page 1
Non-Weather Combined Water and Ex-Water Trend
SAFECO Insurance Companies
Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes
ARKANSAS

Fiscal/ Calendar Year Ending (1)	Midpoint of Each Experience Year (2)	Up-To-Date Point (3)	Projection Point (4)	Frequency				Frequency				Combined Trend (12)*	Claim Count			
				Up-To-Date Trends		Projection Trends		Up-To-Date Time (9) = (3)-(2)	Projection Time (10) = (4)-(3)	Cumulative Trend			Ex-Water (11) = (5) ⁽⁹⁾ *(7) ⁽¹⁰⁾	Water (11) = (6) ⁽⁹⁾ *(8) ⁽¹⁰⁾	Ex-Water (13)	Water (14)
				Ex-Water (5)	Water (6)	Ex-Water (7)	Water (8)			Ex-Water	Water					
12/31/2005	6/30/2005	6/30/2009	6/30/2011	1.020	1.030	1.035	1.025	4.000	2.000	1.160	1.182	1.169	59	45		
12/31/2006	6/30/2006	6/30/2009	6/30/2011	1.035	1.030	1.035	1.025	3.000	2.000	1.188	1.148	1.167	44	46		
12/31/2007	6/30/2007	6/30/2009	6/30/2011	1.035	1.030	1.035	1.025	2.000	2.000	1.148	1.115	1.132	70	66		
12/31/2008	6/30/2008	6/30/2009	6/30/2011	1.035	1.030	1.035	1.025	1.000	2.000	1.109	1.082	1.098	91	59		
12/31/2009	6/30/2009	6/30/2009	6/30/2011	1.035	1.025	1.035	1.025	0.000	2.000	1.071	1.051	1.062	93	73		

Fiscal/ Calendar Year Ending (1)	Midpoint of Each Experience Year (2)	Up-To-Date Point (3)	Projection Point (4)	Severity				Severity				Combined Trend (12)**
				Up-To-Date Trends		Projection Trends		Up-To-Date Time (9) = (3)-(2)	Projection Time (10) = (4)-(3)	Cumulative Trend		
				Ex-Water (5)	Water (6)	Ex-Water (7)	Water (8)			Ex-Water (11) = (5) ⁽⁹⁾ *(7) ⁽¹⁰⁾	Water (11) = (6) ⁽⁹⁾ *(8) ⁽¹⁰⁾	
12/31/2005	6/30/2005	6/30/2009	6/30/2011	1.090	1.080	1.080	1.070	4.000	2.000	1.646	1.558	1.622
12/31/2006	6/30/2006	6/30/2009	6/30/2011	1.090	1.080	1.080	1.070	3.000	2.000	1.511	1.442	1.496
12/31/2007	6/30/2007	6/30/2009	6/30/2011	1.090	1.080	1.080	1.070	2.000	2.000	1.386	1.335	1.380
12/31/2008	6/30/2008	6/30/2009	6/30/2011	1.090	1.080	1.080	1.070	1.000	2.000	1.271	1.236	1.273
12/31/2009	6/30/2009	6/30/2009	6/30/2011	1.080	1.070	1.080	1.070	0.000	2.000	1.166	1.145	1.168

Fiscal/ Calendar Year Ending (1)	Midpoint of Each Experience Year (2)	Up-To-Date Point (3)	Projection Point (4)	Loss Cost				Loss Cost				Combined Trend (12)***	Incurred Losses	
				Up-To-Date Trends		Projection Trends		Up-To-Date Time (9) = (3)-(2)	Projection Time (10) = (4)-(3)	Cumulative Trend				
				Ex-Water (5)	Water (6)	Ex-Water (7)	Water (8)			Ex-Water (11) = (5) ⁽⁹⁾ *(7) ⁽¹⁰⁾	Water (11) = (6) ⁽⁹⁾ *(8) ⁽¹⁰⁾		Ex-Water (15)	Water (16)
12/31/2005	6/30/2005	6/30/2009	6/30/2011	1.112	1.112	1.118	1.097	4.000	2.000	1.909	1.842	1.896	964,506	224,343
12/31/2006	6/30/2006	6/30/2009	6/30/2011	1.128	1.112	1.118	1.097	3.000	2.000	1.794	1.656	1.746	563,602	298,930
12/31/2007	6/30/2007	6/30/2009	6/30/2011	1.128	1.112	1.118	1.097	2.000	2.000	1.590	1.488	1.561	1,034,060	414,445
12/31/2008	6/30/2008	6/30/2009	6/30/2011	1.128	1.112	1.118	1.097	1.000	2.000	1.410	1.338	1.398	1,293,931	260,747
12/31/2009	6/30/2009	6/30/2009	6/30/2011	1.118	1.097	1.118	1.097	0.000	2.000	1.249	1.203	1.241	2,139,181	478,056

(5) through (8) are derived on Pages 2 and 3 of this exhibit
(2) is the average accident date for the corresponding accident year shown in column (1)
(4) is the average accident date for the projected policy writing period

(12)* Combined Frequency trend factors for water and ex-water are weighted together based on claim distribution for ARKANSAS
(12)** Combined Severity trend factors are derived from the combined frequency and combined loss cost trend factors
(12)*** Combined Loss Cost trend factors for water and ex-water are weighted together based on incurred losses for ARKANSAS

Exhibit 2D, page 2
Non-Weather Ex-Water Trend
SAFECO Insurance Companies
Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes
ARKANSAS

4 Quarters Ending	Frequency	Capped Severity	Loss Cost
03/04	1.13	8,592	96.78
06/04	1.12	6,877	77.23
09/04	1.18	8,631	101.92
12/04	1.21	9,073	109.73
03/05	1.26	10,398	131.24
06/05	1.18	14,192	167.40
09/05	1.10	15,094	166.54
12/05	1.07	16,348	175.68
03/06	1.08	13,575	146.73
06/06	0.98	11,764	115.76
09/06	0.91	9,229	84.02
12/06	0.78	12,809	100.52
03/07	0.83	14,718	122.70
06/07	0.95	14,501	137.29
09/07	1.12	18,675	209.22
12/07	1.18	14,772	174.47
03/08	1.22	15,791	193.02
06/08	1.25	15,616	194.85
09/08	1.30	14,164	183.45
12/08	1.44	14,219	205.22
03/09	1.46	20,119	293.44
06/09	1.57	22,696	356.97
09/09	1.57	20,999	329.93
12/09	1.44	23,002	330.76

Exponential Fits

22 Point	6.3%	14.4%	21.5%
18 Point	13.1%	12.4%	27.2%
14 Point	23.4%	21.3%	49.7%
10 Point	15.9%	18.2%	37.0%

Selected

YE 12/31/05 UTD	2.0%	9.0%	11.2%
YE 12/31/06 UTD	3.5%	9.0%	12.8%
YE 12/31/07 UTD	3.5%	9.0%	12.8%
YE 12/31/08 UTD	3.5%	9.0%	12.8%
Projected	3.5%	8.0%	11.8%

Exhibit 2D, page 3
CW Non-Weather Water Trend
SAFECO Insurance Companies
Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes
Countrywide

4 Quarters Ending	Frequency	Capped Severity	Loss Cost
03/04	0.76	4,391	33.28
06/04	0.72	4,500	32.33
09/04	0.66	4,685	30.99
12/04	0.67	4,701	31.27
03/05	0.68	4,813	32.63
06/05	0.69	4,911	34.01
09/05	0.72	4,984	36.12
12/05	0.73	5,150	37.71
03/06	0.72	5,270	37.86
06/06	0.74	5,284	39.00
09/06	0.76	5,322	40.44
12/06	0.76	5,377	41.08
03/07	0.78	5,718	44.74
06/07	0.78	6,123	47.78
09/07	0.78	6,172	48.22
12/07	0.78	6,209	48.60
03/08	0.78	6,229	48.84
06/08	0.78	6,213	48.61
09/08	0.81	6,282	50.77
12/08	0.81	6,682	54.44
03/09	0.81	6,726	54.47
06/09	0.82	6,720	55.32
09/09	0.82	6,739	55.58
12/09	0.83	6,741	55.77

Exponential Fits

24 Point	3.5%	8.3%	12.1%
20 Point	3.8%	8.1%	12.3%
16 Point	3.2%	7.7%	11.2%
12 Point	2.5%	5.6%	8.3%

Selected

YE 12/31/06 UTD	3.0%	8.0%	11.2%
YE 12/31/07 UTD	3.0%	8.0%	11.2%
YE 12/31/08 UTD	3.0%	8.0%	11.2%
YE 12/31/09 UTD	3.0%	8.0%	11.2%
Projected	2.5%	7.0%	9.7%

Exhibit 2E, page 1
Ex-Hurricane Weather Loss Ratio
SAFECO Insurance Companies
Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes
ARKANSAS

YTD	Actual			Frequency Projection Factor*	Severity Projection Factor*	Projected		Projected Pure Premium
	Frequency per 100 EHY	Developed Severity	Loss Cost			Frequency per 100 EHY	Projected Severity	
12/80	5.71	1,155	65.95	0.331	6.549	1.89	7,562	143.13
12/81	3.71	655	24.27	0.343	6.164	1.27	4,035	51.37
12/82	5.87	1,400	82.15	0.356	5.801	2.09	8,122	169.61
12/83	12.03	1,681	202.27	0.369	5.460	4.44	9,181	407.30
12/84	5.51	1,181	65.03	0.382	5.139	2.10	6,069	127.72
12/85	3.04	3,379	102.84	0.396	4.837	1.21	16,345	196.98
12/86	3.54	827	29.24	0.410	4.552	1.45	3,765	54.63
12/87	3.03	1,086	32.92	0.425	4.284	1.29	4,652	59.99
12/88	5.59	1,066	59.62	0.441	4.032	2.47	4,298	105.95
12/89	12.01	2,140	257.04	0.457	3.795	5.48	8,123	445.50
12/90	5.93	1,873	111.02	0.473	3.572	2.80	6,691	187.67
12/91	6.86	1,813	124.42	0.490	3.362	3.37	6,096	205.12
12/92	8.73	2,007	175.24	0.508	3.164	4.44	6,349	281.78
12/93	4.10	1,832	75.05	0.527	2.978	2.16	5,456	117.69
12/94	7.62	2,469	188.11	0.546	2.803	4.16	6,920	287.72
12/95	5.05	2,847	143.72	0.566	2.638	2.85	7,511	214.39
12/96	17.09	3,689	630.49	0.586	2.483	10.02	9,158	917.32
12/97	3.72	2,188	81.46	0.607	2.337	2.26	5,114	115.60
12/98	4.10	2,596	106.56	0.629	2.199	2.58	5,710	147.48
12/99	9.71	2,893	280.90	0.652	2.070	6.33	5,988	379.17
12/00	7.06	2,361	166.70	0.676	1.948	4.77	4,600	219.45
12/01	14.00	2,006	280.78	0.700	1.834	9.80	3,679	360.52
12/02	4.88	3,339	163.08	0.726	1.726	3.54	5,763	204.23
12/03	3.91	3,760	147.13	0.752	1.624	2.94	6,106	179.71
12/04	1.99	2,703	53.67	0.779	1.529	1.55	4,132	63.93
12/05	1.62	4,536	73.53	0.808	1.439	1.31	6,526	85.43
12/06	3.23	5,679	183.33	0.837	1.354	2.70	7,690	207.74
12/07	1.32	3,535	46.53	0.867	1.274	1.14	4,506	51.42
12/08	9.25	7,611	703.80	0.899	1.199	8.31	9,130	758.61
12/09	8.28	5,936	491.38	0.931	1.129	7.71	6,701	516.57

Average 242.12

(A) Selected Weather Pure Premium	240.00
(B) YE 12/31/09 ARKANSAS Earned House Years	6,465
(C) YE 12/31/09 ARKANSAS Projected Current Level Earned Premium	7,378,246
(D) Weather Loss Ratio = (A) x (B) / (C)	21.0%

*Weather Trend Factors are calculated on page 2 of this Exhibit.

Exhibit 2E, page 2
Ex-Hurricane Weather Loss Trend - State Data
SAFECO Insurance Companies
Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes
ARKANSAS
Ex-Hurricane Weather

<u>YTD</u>	<u>Frequency</u>	<u>Severity</u>	<u>Loss Cost</u>
12/80	5.71	1,144	65.36
12/81	3.71	649	24.05
12/82	5.87	1,388	81.42
12/83	12.03	1,666	200.47
12/84	5.51	1,170	64.45
12/85	3.04	2,744	83.51
12/86	3.54	820	28.98
12/87	3.03	1,076	32.63
12/88	5.59	1,056	59.09
12/89	12.01	2,121	254.75
12/90	5.93	1,857	110.03
12/91	6.86	1,797	123.31
12/92	8.73	1,989	173.68
12/93	4.10	1,816	74.38
12/94	7.62	2,447	186.43
12/95	5.05	2,784	140.52
12/96	17.09	3,402	581.49
12/97	3.72	2,169	80.74
12/98	4.10	2,573	105.61
12/99	9.71	2,867	278.40
12/00	7.06	2,214	156.35
12/01	14.00	1,988	278.27
12/02	4.88	3,309	161.63
12/03	3.91	3,600	140.87
12/04	1.99	2,679	53.19
12/05	1.62	4,495	72.87
12/06	3.23	5,629	181.70
12/07	1.32	3,504	46.11
12/08	9.25	6,744	623.61
Exponential Fits			
22 Point	-3.6%	6.1%	2.3%
18 Point	-5.8%	5.7%	-0.4%
14 Point	-8.2%	5.9%	-2.8%
10 Point	-13.3%	10.7%	-4.0%
Selected	-3.50%	6.25%	2.5%

Exhibit 2F
EXPECTED LOSS RATIO BUDGET
SAFECO Insurance Companies
Regular Homes, Quality Plus Homes, Optimum Protection Homes, & Enhanced Protection Homes
ARKANSAS
2008

	RH, QPH, & QCH
(1) PROJECTED EPCRL PER POLICY	\$1,140
(2) VARIABLE EXPENSES:	
(A) PROJECTED COMMISSIONS	16.46%
(B) PROJECTED TAXES	3.54%
(C) VARIABLE GENERAL OPERATING EXPENSES PROJECTED	1.91%
 (D) TOTAL VARIABLE EXPENSES = (A) + (B) + (C3)	 21.91%
(3) FIXED EXPENSES:	
(A) PROJECTED FIXED GENERAL OPERATING EXPENSES (1) CURRENT DOLLARS	 \$57.41
(2) PROJECTED DOLLARS	\$61.44
(3) PROJECTED PERCENT	5.39%
(B) FIXED REINSURANCE EXPENSE (1) PROJECTED DOLLARS (2) PROJECTED PERCENT	 \$1.13 0.10%
(C) TOTAL FIXED EXPENSES (1) PROJECTED DOLLARS (2) PROJECTED PERCENT = (A) + (B)	 \$62.57 5.49%
(4) BUDGETARY PROFIT LOAD	9.10%
(5) EXPECTED LOSS AND AE RATIO = 1 - (2D) - (3C) - (4)	63.50%
(6) LOSS ADJUSTMENT EXPENSE RATIO TO CALENDAR YEAR LOSSES:	
(A) 2008	14.92%
(B) 2007	19.25%
(C) 2006	19.42%
(D) PROJECTED	17.32%
(7) PROJECTED TREND (PROJ OVERALL LC TREND / PROJ PREM TREND)	1.061
(8) PROJECTED EXPECTED LOSS RATIO = (7) * (5) / [1+(6D)]	57.42%

Exhibit 11

SAFECO INSURANCE COMPANY OF AMERICA
CONTINUOUS HOMEOWNERS PROGRAM

ARKANSAS

Development of Target Pre-Tax Underwriting Gain

Indicated (target) pre-tax underwriting gains by coverage can be calculated based on the Target Operating Ratios by deducting Investment Income from Policyholders' Funds. An estimate of the income potential realized in the insurance transaction can be calculated using a discounted cash flow model. Explanatory notes and supporting detail are provided in this Exhibit. The calculation of the pre-tax target underwriting gain is shown below:

	(1)	(2)	(3)	(4)
	Target	After Tax	Federal Income	Target
	After Tax	Investment	Tax Rate	Underwriting
	Operating	Ratio to	on	Gain
	Ratio	Policyholders'	Underwriting	[(1) - (2)]/
		Funds	Income	[1 - (3)]
Homeowners	6.27%	0.36%	35.00%	9.10%

Details of the estimated after-tax investment ratio to Policyholders' Funds are shown in the Investment Income Exhibit

EXHIBIT 12

SAFECO INSURANCE COMPANY OF AMERICA
CONTINUOUS HOMEOWNERS PROGRAM

ARKANSAS

INVESTMENT INCOME EXHIBIT
Summary Page

Estimated investment income from policyholder funds is derived for the continuous homeowners program.
The after-tax results are as follows:

<u>Coverage</u>	<u>% of Earned Premium</u>
Continuous Homeowners Program	0.36%

The results are for the SAFECO Insurance Group and use the following state expenses:

<u>Expense Category</u>	<u>% of Expected Loss</u>	<u>% of Earned Premium</u>
Expected Loss		54.06
Expected AE	17.32	9.36
Commission		16.55
Tax		3.54
General Expense		7.29
Reinsurance/Assessment		0.10
Underwriting Profit		9.10

The results assume adequate rate levels exist. To the extent that rates are not at adequate levels, the investment income estimate may need to be adjusted. The underwriting profit provision listed above includes a consideration for investment income. Estimated investment income from policyholder funds is derived from a discounted cash model that calculates earnings from the net cash flow on the policy. The investment income estimate is equivalent to income earned from loss reserves and unearned premium reserves.

The following is an index to this Exhibit:

Pages 2, 3, and 4	Explanatory Notes
Page 5	Discounted Cash Flow Analysis Expected Investment Income from Policyholder Funds
Page 6	Premium Inflows from Premium Pay Plan Distribution
Pages 7 and 8	Loss Payment Pattern
Page 9	Timing of Federal Income Taxes
Page 10	Expected Investment Income from Supporting Surplus

Explanatory Notes

Estimated investment income from policyholder funds is calculated using a discounted cash flow model. Cash flows arising from transactions associated with a block of policies with the same effective date are composed of an inflow of premium payments and outflows of loss, expense, and federal income tax payments. The cash flows are discounted to the middle of the period for which the proposed rates are to be effective (generally, 180 days past inception date). The resulting discounted value of the net cash flow when compared with the undiscounted value yields the net investment income associated with the insurance transaction.

Page 5

Page 5 displays the timing of payments associated with the continuous homeowners program.

- Column (1) Premiums are received generally at the time due. The bulk are received within five days of the effective date, with advance payments judged to offset late payments. Additionally, there are a number of premium payment plans which allow for premium payments to be spread over the policy term. Premium flows associated with these plans are described on page 6.
- Column (2) Commission is generally paid on or near the policy effective date, at the end of the month in which the policy becomes effective. Therefore, 50% of the commission is assumed paid at day 0 and 50% at day 30.
- Column (3) Premium taxes are assumed to be paid quarterly, approximately 90 days after policies are effective.
- Column (4) Some general expenses, such as expenses associated with the processing of endorsements or expenses associated with statistical reporting to Bureaus, are paid during the policy term. A significant portion of general expenses are paid prior to a policy becoming effective. Examples are policy rating, marketing expenses and and some underwriting expenses. It is assumed that, on the average, general expenses are paid at policy inception.
- Column (5) Reinsurance and projected Assessment expenses are assumed to be paid quarterly, beginning 90 days after policies are effective.
- Column (6) The expected timing of loss payments is based on an analysis of historical paid loss. The derivation of the loss payment pattern is shown on pages 7 and 8.
- Column (7) The expected timing of AE payments is consistent with the allocation assumption of a fixed ratio of AE expense to pure loss uniformly spread over all subsequent months and years.
- Column (8) Federal income taxes attributable to underwriting income are shown. Income taxes attributable to investment income are reflected in the discount factors in column (10) and discussed later. The provisions of the Tax Reform Act of 1986, including the Revenue Offset provision which taxes the change in the unearned premium reserve and the Reserve Discounting provision, are reflected in determining the expected timing of income tax payments. The calculations of the expected income tax payments are shown on page 9.

EXHIBIT 12

Page 5 - CONTINUED

Column (9) Col. (9) = Col. (1) - Col.(2) - Col. (3) - Col. (4) - Col. (5)
- Col.(6) - Col.(7) - Col.(8)

Column (10) The discount factors reflect the after-tax investment income earned between the time the payments are made and the time premiums are earned (which is on the average the midpoint of the policy term or day 180). The investment rate of return used is determined by examining the latest new money rates available and the current investment strategy for cash inflows. Page 10 provides details on the after-tax rate chosen net of investment expenses.

Column (11) Col. (9) x Col. (10).

Column (12) Cumulative total of Column (11). Premium collected on the policy remains available for investment as long as the cumulative net cash flow is positive.

Column (13) Col. (9) x Col. (10) when Col. (12) > zero, Col. (9) otherwise.

Page 6

Page 6 displays the underlying statistics and derivation of the premium inflows used in Page 5. The top portion of the exhibit shows premium collection patterns for the four payment plans: checkless, monthly, budget, and full pay. The bottom portion of the exhibit shows the distribution by plan and derives the overall distribution by month.

The following assumptions are made in general regarding premium collection:

1. Premiums are billed upon due date.
2. Percentage of premiums booked under various billing programs follow distribution by policies in force. Average earned premium does not differ substantially between programs.
3. Book of business composed of 80% renewals, 20% new business. This affects only the monthly payment plan. In the first year, the policyholder is billed two months worth of premium in the first installment and in the fifth month (one month's worth of advance premium upon renewal). This is reflected in the 20% additional premium at 0 days, and 80% of one month's premium at -30 days.
4. The costs of the billing systems for the different payment plans are captured by appropriate finance charges.

Columns 1 through 4 assume a policy written for \$120.

Column 9 is the sum of Columns 5 through 8 and shows the distribution of overall premium over the entire policy term.

Explanatory Notes

Page 6 - CONTINUED

Column 10 shows the same distribution for a policy written for \$100. This is the distribution used in page 5.

Pages 7 and 8

Pages 7 and 8 display the underlying statistics and the derivation of the loss pay-out used in the exhibit. Paid loss development (including adjustment expense for liability sublines) for all coverages countrywide are displayed. Page 7 shows accident quarter development evaluated at quarterly intervals from 3 months through 24 months over the last four years, the age-to-age factors over the same period, and the selected loss development factors and cumulations. Page 8 shows accident quarter development evaluated at yearly intervals from 24 months to 120 months, the corresponding age-to-age factors, and the selected and cumulated loss development factors. The bottom of page 8 shows the derivation of the loss payout based on the above.

Column (2) shows the cumulative LDFs.

Column (3) shows the reciprocals of Column (2), and represents the cumulative payout of the accident quarter.

Column (4) shows the incremental change in Column (3).

Columns (5), (6), (7), and (8) represent one policy period of twelve months equal to 4 successive accident quarters.

Column (9) is the average of Columns (5) - (8) and is the final result. The quarterly pay-out for the first two years is spread uniformly to the days from policy inception date. For example, the first quarter pay-out is weighted one-sixth to 0 days, one-third to 30 days, one-third to 60 days, and one-sixth to 90 days, with similar distributions for the second through the fourth quarter pay-outs. The quarterly pay-outs for the second year are distributed one-half to the beginning of the interval and one-half to the end.

Page 9

Notes for this exhibit showing the timing of federal income tax on underwriting appear on the page itself.

Page 10

Notes for the above explaining the investment rate of return on policyholder funds appear on the page itself.

**SAFECO INSURANCE COMPANY OF AMERICA
CONTINUOUS HOMEOWNERS PROGRAM
ARKANSAS**

Discounted Cash Flow: Expected Investment Income from Policyholder Funds

Discounted cash flow analysis per \$100 of premium

Days from Inception	PAYMENTS DURING THE FIRST YEAR												
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Premium		Premium	General	Reins./	Paid		Federal	Total	Discount	Discounted	Cumulative	Discounted
<u>Date</u>	<u>Received</u>	<u>Comm.</u>	<u>Tax</u>	<u>Expense</u>	<u>Expense</u>	<u>Loss</u>	<u>AE</u>	<u>Tax</u>	<u>Flow</u>	<u>Factor</u>	<u>Flow</u>	<u>Cash Flow</u>	<u>PH Funds</u>
-30	\$ 0.33								0.33	1.0038	0.33	0.33	0.33
0	71.01	8.28		7.29		0.83	0.14		54.46	1.0032	54.64	54.97	54.64
30	2.09	8.27				1.67	0.29		(8.14)	1.0027	(8.16)	46.81	(8.16)
60	2.09					1.67	0.29		0.14	1.0022	0.14	46.94	0.14
90	5.11		3.54		0.02	2.38	0.41	(1.05)	(0.19)	1.0016	(0.19)	46.76	(0.19)
120	2.09					3.09	0.53		(1.53)	1.0011	(1.53)	45.22	(1.53)
150	2.09					3.09	0.53		(1.53)	1.0005	(1.53)	43.69	(1.53)
180	2.09				0.02	3.34	0.58	1.50	(3.35)	1.0000	(3.35)	40.34	(3.35)
210	5.11					3.60	0.62		0.89	0.9995	0.89	41.23	0.89
240	2.09					3.60	0.62		(2.13)	0.9989	(2.13)	39.11	(2.13)
270	2.09				0.02	3.73	0.65	1.48	(3.79)	0.9984	(3.78)	35.33	(3.78)
300	2.09					3.86	0.67		(2.44)	0.9978	(2.43)	32.89	(2.43)
330	1.68					3.86	0.67		(2.85)	0.9973	(2.84)	30.05	(2.84)
360					0.02	5.48	0.95	1.45	(7.91)	0.9968	(7.89)	22.16	(7.89)
Year 1	\$100.00	16.55	3.54	7.29	0.10	40.22	6.96	3.37	21.96		22.16	22.16	22.16

PAYMENTS DURING THE SECOND YEAR

<u>Day</u>													
90						5.15	0.89	(0.06)	(5.98)	0.9952	(5.95)	16.21	(5.95)
180						2.54	0.44	(0.03)	(2.95)	0.9935	(2.94)	13.28	(2.94)
210						2.11	0.37	(0.02)	(2.45)	0.9930	(2.43)	10.84	(2.43)
360						1.16	0.20	(0.01)	(1.35)	0.9903	(1.34)	9.51	(1.34)
Year 2						10.96	1.90	(0.12)	(12.73)		(12.66)	9.51	(12.66)

PAYMENTS DURING SUBSEQUENT YEARS

<u>Year</u>													
3						1.23	0.21	(0.01)	(1.43)	0.9839	(1.41)	8.10	(1.41)
4						1.03	0.18	(0.01)	(1.20)	0.9776	(1.17)	6.93	(1.17)
5						0.31	0.05	(0.00)	(0.35)	0.9713	(0.34)	6.59	(0.34)
6						0.09	0.02	(0.00)	(0.10)	0.9650	(0.10)	6.49	(0.10)
7						0.06	0.01	(0.00)	(0.07)	0.9588	(0.06)	6.42	(0.06)
8						0.06	0.01	(0.00)	(0.07)	0.9526	(0.07)	6.36	(0.07)
9						0.05	0.01	(0.00)	(0.06)	0.9464	(0.05)	6.30	(0.05)
10						0.06	0.01	(0.00)	(0.07)	0.9403	(0.07)	6.24	(0.07)
Total	100.00	16.55	3.54	7.29	0.10	54.06	9.36	3.22	5.88		6.24	6.24	6.24

- (14) Undiscounted cash flow (After-tax U/W profit) - Total col. (9) 5.88
- (15) Discounted cash flow (After-tax operating return)- Total col. (13) 6.24
- (16) Investment income from policyholder funds as a percent of premium ((15) - (14))/ 100 0.36%

SAFECO INSURANCE COMPANY OF AMERICA
CONTINUOUS HOMEOWNERS PROGRAM
ARKANSAS
 Premium Inflows From Premium Pay Plan Distribution

Days from Inception	(1) Checkless Pay Plan	(2) Monthly Pay Plan	(3) Budget Pay Plan	(4) Full Payment
-30	-	8.00	-	-
0	10.00	12.00	40.00	120.00
30	10.00	10.00	-	-
60	10.00	10.00	-	-
90	10.00	10.00	40.00	-
120	10.00	10.00	-	-
150	10.00	10.00	-	-
180	10.00	10.00	-	-
210	10.00	10.00	40.00	-
240	10.00	10.00	-	-
270	10.00	10.00	-	-
300	10.00	10.00	-	-
330	10.00	-	-	-
Premium from policy:	\$120.00	\$120.00	\$120.00	\$120.00

Weighted for pay plan distribution:

Days from Inception	(5) Checkless Pay Plan (1) x 0.202	(6) Monthly Pay Plan (2) x 0.0493	(7) Budget Pay Plan (3) x 0.0906	(8) Full Payment (4) x 0.6581	(9) All Plans	(10) (9) x \$100/120
-30	-	0.39	-	-	0.39	0.33
0	2.02	0.59	3.62	78.97	85.21	71.01
30	2.02	0.49	-	-	2.51	2.09
60	2.02	0.49	-	-	2.51	2.09
90	2.02	0.49	3.62	-	6.14	5.11
120	2.02	0.49	-	-	2.51	2.09
150	2.02	0.49	-	-	2.51	2.09
180	2.02	0.49	-	-	2.51	2.09
210	2.02	0.49	3.62	-	6.14	5.11
240	2.02	0.49	-	-	2.51	2.09
270	2.02	0.49	-	-	2.51	2.09
300	2.02	0.49	-	-	2.51	2.09
330	2.02	-	-	-	2.02	1.68
	\$ 24.24	\$ 5.92	\$ 10.87	\$ 78.97	\$120.00	\$ 100.00

See page 3 of explanatory notes for assumptions used in the above analysis.

SAFECO INSURANCE COMPANY OF AMERICA
CONTINUOUS HOMEOWNERS PROGRAM
ARKANSAS
Loss Payment Pattern

ACC. QT.	PAID LOSS MONTHS OF DEVELOPMENT							
	<u>3</u>	<u>6</u>	<u>9</u>	<u>12</u>	<u>15</u>	<u>18</u>	<u>21</u>	<u>24</u>
Mar-2005	22,739	43,037	50,031	53,728	56,346	57,560	58,269	58,654
Jun-2005	21,338	38,714	45,006	47,094	48,730	49,913	50,781	52,168
Sep-2005	35,338	63,339	73,798	79,790	85,115	88,198	91,210	92,063
Dec-2005	31,058	59,216	71,209	76,021	78,311	80,947	82,354	83,244
Mar-2006	29,976	61,408	71,057	76,546	79,278	81,644	83,261	83,685
Jun-2006	35,185	61,183	73,442	79,425	84,019	85,884	87,349	88,792
Sep-2006	31,123	52,808	59,891	63,833	66,931	68,907	70,018	70,939
Dec-2006	31,698	69,225	80,287	87,237	90,299	92,003	92,728	93,697
Mar-2007	35,789	62,754	74,009	80,084	83,845	86,904	88,915	90,018
Jun-2007	31,950	62,296	74,481	79,785	83,099	85,297	87,078	
Sep-2007	36,200	62,626	71,105	76,888	80,255	82,120		
Dec-2007	42,863	73,438	84,365	90,708	95,040			
Mar-2008	47,880	79,289	91,395	96,746				
Jun-2008	55,108	100,897	116,907					
Sep-2008	73,711	147,445						
Dec-2008	29,457							

ACC. QT.	AGE-TO-AGE FACTORS						
	<u>3-6</u>	<u>6-9</u>	<u>9-12</u>	<u>12-15</u>	<u>15-18</u>	<u>18-21</u>	<u>21-24</u>
Mar-05	1.893	1.163	1.074	1.049	1.022	1.012	1.007
Jun-05	1.814	1.163	1.046	1.035	1.024	1.017	1.027
Sep-05	1.792	1.165	1.081	1.067	1.036	1.034	1.009
Dec-05	1.907	1.203	1.068	1.030	1.034	1.017	1.011
Mar-06	2.049	1.157	1.077	1.036	1.030	1.020	1.005
Jun-06	1.739	1.200	1.081	1.058	1.022	1.017	1.017
Sep-06	1.697	1.134	1.066	1.049	1.030	1.016	1.013
Dec-06	2.184	1.160	1.087	1.035	1.019	1.008	1.010
Mar-07	1.753	1.179	1.082	1.047	1.036	1.023	1.012
Jun-07	1.950	1.196	1.071	1.042	1.026	1.021	
Sep-07	1.730	1.135	1.081	1.044	1.023		
Dec-07	1.713	1.149	1.075	1.048			
Mar-08	1.656	1.153	1.059				
Jun-08	1.831	1.159					
Sep-08	2.000						

	DEVELOPMENT PERIOD							
	3-6	6-9	9-12	12-15	15-18	18-21	21-24	24-36
SIMPLE AVERAGE	1.8472	1.1653	1.0730	1.0448	1.0275	1.0186	1.0124	
5 QT VOLUME-WTD.AVG	1.8130	1.1577	1.0730	1.0430	1.0267	1.0169	1.0115	
10-PT EXCLUDING HI-LO	1.8017	1.1609	1.0752	1.0447	1.0282	1.0180	1.0113	
SELECTED	1.8500	1.1655	1.0733	1.0449	1.0283	1.0194	1.0123	1.0310
CUMULATIVE PAID	2.6980	1.4584	1.2513	1.1658	1.1157	1.0850	1.0644	1.0514
CUMULATIVE % PAID	37.06%	68.57%	79.92%	85.78%	89.63%	92.17%	93.95%	95.11%
INCREMENTAL % PAID	37.06%	31.50%	11.35%	5.86%	3.85%	2.54%	1.78%	1.16%

**SAFECO INSURANCE COMPANY OF AMERICA
CONTINUOUS HOMEOWNERS PROGRAM
ARKANSAS
Loss Payment Pattern**

ACC. QT. <u>ENDING</u>	MONTHS OF DEVELOPMENT							
	<u>24</u>	<u>36</u>	<u>48</u>	<u>60</u>	<u>72</u>	<u>84</u>	<u>96</u>	<u>108</u>
Mar-1999	96,112	98,331	99,806	100,099	100,334	100,519	100,562	100,768
Mar-2000	116,819	119,941	120,968	121,304	121,441	121,468	121,768	121,790
Mar-2001	143,285	146,879	149,884	150,466	150,583	150,591	150,610	
Mar-2002	114,441	116,796	117,715	117,330	117,653	117,693		
Mar-2003	78,406	82,317	82,994	83,575	83,731			
Mar-2004	67,087	68,528	69,523	69,452				
Mar-2005	58,654	61,442	62,436					
Mar-2006	83,685	85,638						
Mar-2007	90,018							

ACC. QT. <u>ENDING</u>	AGE-TO-AGE FACTORS							
	<u>24-36</u>	<u>36-48</u>	<u>48-60</u>	<u>60-72</u>	<u>72-84</u>	<u>84-96</u>	<u>96-108</u>	<u>108-ULT</u>
Mar-1999	1.023	1.015	1.003	1.002	1.002	1.000	1.002	
Mar-2000	1.027	1.009	1.003	1.001	1.000	1.002	1.000	
Mar-2001	1.025	1.020	1.004	1.001	1.000	1.000		
Mar-2002	1.021	1.008	0.997	1.003	1.000			
Mar-2003	1.050	1.008	1.007	1.002				
Mar-2004	1.021	1.015	0.999					
Mar-2005	1.048	1.016						
Mar-2006	1.023							

	24-36	36-48	48-60	60-72	72-84	84-96	96-108	108-ULT
SIMPLE AVERAGE	1.0297	1.0130	1.0021	1.0018	1.0006	1.0010	1.0011	
5-QTR WEIGHTED AVG	1.0309	1.0138	1.0019	1.0017	1.0006			
3-QTR SIMPLE AVERAGE	1.0308	1.0130	1.0009	1.0018	1.0002	1.0010		
SELECTED	1.0310	1.0130	1.0014	1.0018	1.0006	1.0014	1.0006	1.0009
CUMULATIVE PAID	1.0514	1.0198	1.0067	1.0053	1.0035	1.0029	1.0015	1.0009
CUMULATIVE % PAID	95.11%	98.06%	99.33%	99.47%	99.65%	99.71%	99.85%	99.91%
INCREMENTAL % PAID	1.16%	2.95%	1.27%	0.14%	0.18%	0.06%	0.14%	0.06%

PAID LOSS PAYMENT PATTERN

(1) MOS. OF <u>DEV.</u>	(2) Cum'l Paid <u>LDI</u>	(3) Cum'l % Paid Loss <u>1 / (2)</u>	(4) Increment % of <u>Paid Loss</u>	(5) 1ST ACC. <u>QTR.</u>	(6) 2ND ACC. <u>QTR.</u>	(7) 3RD ACC. <u>QTR.</u>	(8) 4TH ACC. <u>QTR.</u>	(9) POL. <u>TERM</u>
3	2.6980	37.06%	37.06%	37.06%	0.00%	0.00%	0.00%	9.27%
6	1.4584	68.57%	31.50%	31.50%	37.06%	0.00%	0.00%	17.14%
9	1.2513	79.92%	11.35%	11.35%	31.50%	37.06%	0.00%	19.98%
12	1.1658	85.78%	5.86%	5.86%	11.35%	31.50%	37.06%	21.44%
15	1.1157	89.63%	3.85%	3.85%	5.86%	11.35%	31.50%	13.14%
18	1.0850	92.17%	2.54%	2.54%	3.85%	5.86%	11.35%	5.90%
21	1.0644	93.95%	1.78%	1.78%	2.54%	3.85%	5.86%	3.51%
24	1.0514	95.11%	1.16%	1.16%	2.65%	4.90%	8.46%	4.29%
36	1.0198	98.06%	2.95%	2.95%	2.50%	2.05%	1.61%	2.28%
48	1.0067	99.33%	1.27%	1.27%	1.69%	2.11%	2.53%	1.90%
60	1.0053	99.47%	0.14%	0.14%	0.42%	0.71%	0.99%	0.56%
72	1.0035	99.65%	0.18%	0.18%	0.17%	0.16%	0.15%	0.16%
84	1.0029	99.71%	0.06%	0.06%	0.09%	0.12%	0.15%	0.10%
96	1.0015	99.85%	0.14%	0.14%	0.12%	0.10%	0.08%	0.11%
108	1.0009	99.91%	0.06%	0.06%	0.08%	0.10%	0.12%	0.09%
120	1.0000	100.00%	0.09%	0.09%	0.08%	0.07%	0.07%	0.08%
				0.00%	0.02%	0.04%	0.07%	0.03%
				100.00%	100.00%	100.00%	100.00%	100.00%

SAFECO INSURANCE COMPANY OF AMERICA
CONTINUOUS HOMEOWNERS PROGRAM
ARKANSAS

Timing of Federal Income Tax on Underwriting Income

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	Cum'l Written Premium	Cum'l Earned Premium	Ending UEP Reserve	Cum'l Incurred Expense	Cum'l Incurred Loss + AE	Incremntl Paid Loss + AE	Cum'l Paid Loss + AE	Cum'l Loss + AE Reserve	IRS Reserve Discount Factor	Discounted Loss + AE Reserve	Cum'l U/W (IRS) Income	Incremntl U/W (IRS) Income	20% of Change in UEP Reserve	Total Fed'l Income Tax on U/W Income
0	100.00													
1	100.00	25.00	75.00	27.38	15.86	7.69	7.69	8.17	0.97	7.94	(18.01)	(18.01)	15.00	(1.05)
2	100.00	50.00	50.00	27.38	31.71	11.17	18.86	12.85	0.97	12.50	(8.74)	9.27	(5.00)	1.50
3	100.00	75.00	25.00	27.38	47.57	12.83	31.69	15.88	0.97	15.45	0.49	9.23	(5.00)	1.48
4	100.00	100.00	0.00	27.38	63.42	15.50	47.19	16.23	0.97	15.79	9.64	9.15	(5.00)	1.45
5	100.00	100.00	0.00	27.38	63.42	6.04	53.23	10.20	0.97	9.92	9.48	(0.16)	0.00	(0.06)
6	100.00	100.00	0.00	27.38	63.42	2.98	56.21	7.21	0.97	7.02	9.40	(0.08)	0.00	(0.03)
7	100.00	100.00	0.00	27.38	63.42	2.47	58.68	4.74	0.97	4.61	9.33	(0.07)	0.00	(0.02)
8	100.00	100.00	0.00	27.38	63.42	1.36	60.05	3.38	0.97	3.29	9.29	(0.04)	0.00	(0.01)
<u>Year</u>														
3	100.00	100.00	0.00	27.38	63.42	1.44	61.49	1.93	0.97	1.88	9.25	(0.04)	0.00	(0.01)
4	100.00	100.00	0.00	27.38	63.42	1.21	62.70	0.73	0.97	0.71	9.22	(0.03)	0.00	(0.01)
5	100.00	100.00	0.00	27.38	63.42	0.36	63.05	0.37	0.97	0.36	9.21	(0.01)	0.00	(0.00)
6	100.00	100.00	0.00	27.38	63.42	0.10	63.16	0.26	0.97	0.26	9.21	(0.00)	0.00	(0.00)
7	100.00	100.00	0.00	27.38	63.42	0.07	63.22	0.20	0.97	0.19	9.20	(0.00)	0.00	(0.00)
8	100.00	100.00	0.00	27.38	63.42	0.07	63.29	0.13	0.97	0.12	9.20	(0.00)	0.00	(0.00)
9	100.00	100.00	0.00	27.38	63.42	0.06	63.35	0.07	0.97	0.07	9.20	(0.00)	0.00	(0.00)
10	100.00	100.00	0.00	27.38	63.42	<u>0.07</u>	<u>63.42</u>	0.00	0.97	0.00	9.20	<u>(0.00)</u>	<u>0.00</u>	<u>(0.00)</u>
TOTAL						63.42	63.42					9.20	0.00	3.22

Col. Notes :

- (1) Premium is booked at policy inception.
- (2) Premium is earned pro rata over policy term.
- (3) Col. (1) - Col.(2)
- (4) Commission and premium tax are incurred when premi booked. General expense is incurred as paid.
- (5) Loss and AE are incurred pro rata over policy term.
- (6) Based on loss payment pattern, see pages 5, 7, and 8.
- (7) Col. (6) accumulated.
- (8) Col. (5) - Col. (7)
- (9) IRS loss reserve discount factor.
- (10) Col. (8) X Col. (9)
- (11) Col. (2) - Col. (4) - Col. (7) - Col. (10)
- (12) Change in Col. (11).
- (13) 20% of change in Col. (3)
- (14) 35% X (Col. (12) + Col. (13))

SAFECO INSURANCE COMPANY OF AMERICA
CONTINUOUS HOMEOWNERS PROGRAM
ARKANSAS
Expected Investment Income from Policyholders' Funds

The investment rate of return used in this analysis reflects the risk-free investment income earned from the investment of premiums written during the period that the proposed rates will be in effect. Displayed below are the auction average yields on 3-month and 1-year U.S. T-bills and average yields using constant maturities on U.S. Treasury Notes and Bonds:

<u>Quarter</u>	<u>U.S. T-bills</u>		<u>U.S. Treasury Bonds</u>		<u>(and Treasury Notes)</u>	
	<u>3 Month</u>	<u>1 Year</u>	<u>2 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Dec-08	0.30%	0.99%	1.21%	1.48%	2.18%	3.25%
Mar-09	0.22%	0.57%	0.91%	1.27%	1.76%	2.74%
Jun-09	0.17%	0.52%	1.01%	1.49%	2.23%	3.31%
<u>Sep-09</u>	<u>0.16%</u>	<u>0.45%</u>	<u>1.03%</u>	<u>1.56%</u>	<u>2.47%</u>	<u>3.52%</u>
4 Qtr. Avg.	0.21%	0.63%	1.04%	1.45%	2.16%	3.21%

SOURCE: Federal Reserve Statistical Release H.15, released weekly, Selected Interest Rates.

Note: If data for 1-Year T-Bills is unavailable, the discount rate for 1-Year T-Bonds is used

The greater of 1% or the average yield of the last four quarters on a 1-year T-Bill is used in the discounted cash flow analysis.

After-tax rate of return on investment income equals:

$$1\% \times (1 - 0.35) = 0.65\%$$

where 35% = tax rate on 1-year T-bills

EXHIBIT 20 - EXPLANATORY MEMORANDUM: Condos

Rate Level Indication

- Columns (2), (3) and (5) are the sum of the actual earned premiums, earned premiums at current rate level and the trended earned premiums at the current rate level (EPCRL) for the past five fiscal calendar years ending on the fourth quarter of each year. Premium trend factors (Column (4)) bring the premiums "up-to-date" and project them forward to the average date the policy is written in the effective period, based on a policy period of 7/1/2010 to 7/1/2011. The standard parallelogram method is used to derive the current rate level factors. Exhibit 20-A shows the details of the premium trend and of the current rate level factors used to adjust figures in Column (2) to Columns (3) and (5).

Exhibit 20-A contains two adjustments which are summarized on page 1. The first one is to adjust Earned Premium (EP) to the current rate level creating Earned Premium at the Current Rate Level (EPCRL). The second one values EPCRL at the projected average amount of insurance (EPCRL w/ premium trend).

The EPCRL factors on page 2 are developed from the Safeco rate history in Arkansas using the standard actuarial approach (typically known as the "parallelogram method"). This is done for individual quarters, and the quarterly EPCRL factors are applied to the quarterly EP, producing quarterly EPCRL. Page 5 shows the rate history for the state by form and company.

Pages 3 and 4 show the Premium Trend calculation. The Up-to-Date premium trends are calculated to bring the average EPCRL to the current average level, reflecting the current distribution of policy holders. The projected premium trend is calculated to incorporate impacts from inflation.

- Column (6) represents non-weather losses that have been leveled for abnormal severity fluctuations and brought to ultimate by means of loss development factors. When leveling, we smooth losses that are greater than \$25,000. Exhibit 20-B shows the derivations of all of the non-weather loss development components. Exhibit 20-C shows the details of the large loss leveling procedure.

Exhibit 20-C shows how large loss factors from an eight-year experience period are used to supplement capped losses from the latest five years, resulting in smoothed total loss estimates for the five year period. Page 1 is a summary. On page 2 the countrywide Cov C losses capped at \$100,000 are compared to the losses capped at \$25,000 in order to create a factor for the layer from \$25,000 to \$100,000. The latest eight annual factors are averaged to produce a large loss factor for the layer. The same procedure is used to handle the layer from \$100,000 to uncapped. The projected large loss factor, calculated on the bottom of page 2, is the product of the factors for the two excess layers.

- Column (7) displays the loss cost trend factors based on Safeco data. Loss cost trend factors bring the losses "up-to-date" and project them forward to the average date of loss for the effective policy. Exhibit 20-D provides the detailed calculations and data for the selected up-to-date and projected loss cost annual percentages of change.

- Line (10.1) is the weighted projected non-weather loss ratio excluding adjustment expense.
- Line (10.2) is the projected weather loss ratio excluding adjustment expense. Exhibit 20-E shows how the ex-hurricane weather loss ratio is calculated. Actual central region weather ex-hurricane frequency and severity amounts on page 1 are projected to the average date of loss using weather trend factors. The weather trend factors are selected on page 2 using countrywide data. The resulting projected weather ex-hurricane pure premium is converted to a weather ex-hurricane loss ratio on line (D) of page 1.
- Line (13), the projected adjustment expense ratio, is the average of the ratio of adjustment expenses to incurred losses for the last 3 years (for Countrywide data excluding California), and the 2008 company plan ratio of adjustment expenses to incurred losses. Please see Exhibit 20-F.
- Line (14.1) is the projected fixed expense ratio. The projected Fixed Expense Ratio is calculated by projecting the latest year's dollars to the midpoint of the effective period and dividing by average projected EPCRL. Please see Exhibit 20-F.
- Line (14.2) is the projected variable expense ratio excluding the profit provision. As seen in Exhibit 20-F, the ratio is the sum of commissions, variable general operating expenses, and taxes.
- Line (15) is our expected loss ratio assuming our rates are adequate. It is used as a credibility complement.
- Line (16) is the credibility of the experience period based on a full credibility criterion of 80,000 earned house years. The five-year total of earned house years over the experience period equals 3,568. The square root rule was applied to the ratio of this total to the criterion.
- Line (17) develops the percentage rate change indication.

Rate Level Indications
Quality Plus Condos & Enhanced Protection Condos
SAFECO Insurance Companies
ARKANSAS
For Prospective Business Written 07/01/2010 to 07/01/2011

Exhibit 20

Fiscal Year Ending (1)	Earned Premium (2)	Earned Premium at Current Rate Level (3)	Premium Trend (4)	Earned Premium at Current Rate Level (incl. Premium Trend) (5) = (3) * (4)	Leveled Accident Year Non-Weather Losses (6)	Non-Weather Loss Cost Trend (7)	Projected Non-Weather Losses (8) = (6) * (7)	Projected Non-Weather Loss Ratio (9) = 100 *(8) / (5)	Weights
12/31/2005	58,102	57,197	1.136	64,990	56,855	1.597	90,825	139.8%	10%
12/31/2006	58,859	58,980	1.170	69,028	18,906	1.478	27,933	40.5%	15%
12/31/2007	66,164	66,874	1.098	73,435	17,515	1.367	23,936	32.6%	20%
12/31/2008	69,967	70,196	1.088	76,372	53,044	1.264	67,043	87.8%	25%
12/31/2009	69,346	69,346	1.022	70,864	26,543	1.169	31,028	43.8%	30%
							<u>Non-Hurricane</u>	<u>Hurricane</u>	<u>Total</u>
(10.1) Projected Non-Weather Loss Ratio = Weighted Average of Column (61.6%	N/A	
(10.2) Projected Weather Loss Ratio							6.4%	0.0%	
(10.3) Cat-Fire Provision							0.0%		
(11.1) Non- Hurricane Projected Loss Ratio = (10.2) + (10.1)							68.1%		
(11.2) Hurricane Projected Loss Ratio = (10.2)								0.0%	
(12) Credibility Weighted Loss Ratio = (11.1)*(16) + [1 - (16)]*[(15) - (11.2)] + (11.2)									55.2%
(13) Projected AE Ratio to Losses									17.3%
(14.1) Projected Fixed Expense Ratio									6.1%
(14.2) Projected Variable Expense Ratio (Excluding Profit Provision)									21.9%
(14.3) Profit Provision									9.1%
(15) Permissible Loss Ratio = [1 - (14.1) - (14.2) - (14.3)] / [1 + (13)]									53.6%
(16) Credibility of Experience Period w/ Full Credibility = 80,000 Earned House Years									11.0%
(17) Indicated Rate Level Change = [(12)*(1 + (13)) + (14.1)] / [1 - (14.2) - (14.3)] - 1									2.7%

Exhibit 20A, page 1
Adjustments to Earned Premium
SAFECO Insurance Companies
Quality Plus Condos & Enhanced Protection Condos
ARKANSAS

FISCAL CALENDAR YEAR ENDING (1)	EARNED PREMIUM (2)	EARNED PREMIUM AT THE CURRENT RATE LEVEL FACTOR (3)	PREMIUM TREND FACTOR (4)	EARNED PREMIUM AT THE CURRENT RATE LEVEL w/ PREMIUM TREND (5)
12/31/2005	58,102	0.984	1.136	64,990
12/31/2006	58,859	1.002	1.170	69,028
12/31/2007	66,164	1.011	1.098	73,435
12/31/2008	69,967	1.003	1.088	76,372
12/31/2009	69,346	1.000	1.022	70,864

Column (2) is the sum of Renters SAFECO and is equal to Exhibit 20-A, Page 2, Column (2)

Column (3) is shown on Exhibit 20-A, Page 2, Column (3)

Column (4) is shown on Exhibit 20-A, Page 3, Column (3)

Column (5) is the product of Column (2), Column (3) and Column (4) and is equal to Exhibit 20-A, Page 3, Column (4)

Exhibit 20A, page 2
Calculation of Earned Premium at Current Rate Level
SAFECO Insurance Companies
Quality Plus Condos & Enhanced Protection Condos
ARKANSAS

FISCAL CALENDAR YEAR ENDING (1A)	EARNED PREMIUM (2A)	EPCRL ADJUSTMENT FACTOR (3A)	EARNED PREMIUM AT CURRENT RATE LEVEL (4A)=(2A)x(3A)
12/31/2005	58,102	0.984	57,197
12/31/2006	58,859	1.002	58,980
12/31/2007	66,164	1.011	66,874
12/31/2008	69,967	1.003	70,196
12/31/2009	69,346	1.000	69,346

Exhibit 20A, page 3
Calculation of Earned Premium at Current Rate Level (Including Premium Trend)
SAFECO Insurance Companies
Quality Plus Condos & Enhanced Protection Condos
ARKANSAS

<u>FISCAL</u> <u>CALENDAR</u> <u>YEAR ENDING</u> <u>(1A)</u>	<u>EARNED</u> <u>PREMIUM</u> <u>(2A)</u>	<u>TREND</u> <u>FACTOR</u> <u>(3A)</u>	<u>EARNED PREMIUM AT</u> <u>CURRENT RATE LEVEL</u> <u>(w/ PREMIUM TREND)</u> <u>(4A)=(2A)x(3A)</u>
12/31/2005	57,197	1.136	64,990
12/31/2006	58,980	1.170	69,028
12/31/2007	66,874	1.098	73,435
12/31/2008	70,196	1.088	76,372
12/31/2009	69,346	1.022	70,864

Column (3) combines the Up-to-Date Trend and the Projected Trend. Both are shown in Exhibit 20-A, Page 4

Exhibit 20A, page 4
Calculation of Premium Trend Factor
SAFECO Insurance Companies
CONDOS
ARKANSAS

Up-To-Date Premium Trend Calculation

Fiscal Calendar Year Ending	Earned House Years (1)	EPCRL (2)	EPCRL Per Policy (3)=(2)/(1)	UTD EPCRL Trend Factor (4)= 359 / (3)
12/31/2005	177	57,197	323	1.112
12/31/2006	188	58,980	314	1.145
12/31/2007	200	66,874	334	1.075
12/31/2008	208	70,196	337	1.065
12/31/2009	193	69,346	359	1.000

Policy Amount Premium Trend

Fiscal Calendar Year Ending	Average Policy Amount Relativity	Annual Change	CW Annual Change	Annual Projected Trend Based on CPI index
12/31/2008	2.518			
12/31/2009	2.524	0.2%	0.9%	1.1%

<u>Weights:</u>	<u>State</u> 20%	<u>CW</u> 40%	<u>CPI</u> 40%
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Selected Annual Projected Trend **0.9%**

Market Tier Premium Trend

Estimate from Change in Optimum Scoring Rules 1.9%
Selected Annual Projected Trend **0.2%**

Projected Premium Trend Calculation

Total Annual Projected Trend **1.1%**

Exhibit 20A, page 5
Rate History
SAFECO Insurance Companies
CONDOS
ARKANSAS

<u>Companies</u>	<u>Quality Plus Condo</u>	
SAFECO	Renewal Business	Rate Change
SAFECO First National	Effective Date	Amount
SAFECO General	9/27/2005	-2.7%
	12/20/2005	0.0%
	11/7/2006	0.0%
	4/3/2007	-0.9%
	8/21/2007	1.7%

<u>Companies</u>	<u>Quality Crest Condo</u>	
SAFECO	Renewal Business	Rate Change
SAFECO First National (2007 only)	Effective Date	Amount
SAFECO General	9/27/2005	5.4%
	12/20/2005	0.0%
	11/7/2006	0.0%
	4/3/2007	-0.1%
	8/21/2007	2.6%

SAFECO Insurance Companies
Loss Development Factors as of 12/31/2009
Nonweather Losses
ARKANSAS

Renters, Condos, Quality Plus Condos & Enhanced Protection Condos

PROPERTY INCURRED CAPPED AT \$25,000 (NET OF S/S/D INCURRED)

Accident Year Ending	12	24	36	48	60	72	84	96	Est. Ultimate
12/31/2002	47,023	47,023	47,000	47,000	47,000	47,000	47,000	47,000	47,000
12/31/2003	48,348	44,544	44,544	44,544	44,544	44,544	44,544	-	44,544
12/31/2004	39,561	40,442	40,442	40,442	40,442	40,442	-	-	40,442
12/31/2005	52,794	103,279	103,279	103,279	103,279	-	-	-	103,279
12/31/2006	103,782	103,392	103,392	103,392	-	-	-	-	103,392
12/31/2007	42,954	39,513	39,513	-	-	-	-	-	39,513
12/31/2008	154,131	151,729	-	-	-	-	-	-	151,729
12/31/2009	138,057	-	-	-	-	-	-	-	138,057

Development Quarters

Accident Year Ending	12-24 case rx	12-24	24-36	36-48	48-60	60-72	72-84	84-96	
12/31/2002	0.962	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
12/31/2003	0.886	0.921	1.000	1.000	1.000	1.000	1.000		
12/31/2004	0.983	1.022	1.000	1.000	1.000	1.000			
12/31/2005	1.956	1.956	1.000	1.000	1.000				
12/31/2006	0.996	0.996	1.000	1.000					
12/31/2007	0.920	0.920	1.000						
12/31/2008	0.984	0.984							
Average	all	1.098	1.000	1.000	1.000	1.000	1.000	1.000	
Weighted	all	1.074	1.000	1.000	1.000	1.000			
Exc hi & lo	all	0.969	1.000	1.000	1.000				
Exc hi & lo	5 yrs	0.988	1.000	1.000					
Avg	3 yrs	0.967	1.000	1.000	1.000				
CW ex CA FL MA TX MI		1.023	0.998	0.999	1.000	1.000	1.000	1.000	1.000
Selected		1.023	0.998	0.999	1.000	1.000	1.000	1.000	1.000
ULDF		1.020	0.997	0.999	1.000	1.000	1.000	1.000	1.000

Tail

SAFECO Insurance Companies
Loss Development Factors as of 12/31/2009
Nonweather Losses
ARKANSAS

Renters, Condos, Quality Plus Condos & Enhanced Protection Condos

PROPERTY INCURRED CAPPED AT \$100,000 (NET OF S/S/D INCURRED)

Accident Year Ending	12	24	36	48	60	72	84	96	Est. Ultimate
12/31/2002	47,023	47,023	47,000	47,000	47,000	47,000	47,000	47,000	47,000
12/31/2003	48,348	44,544	44,544	44,544	44,544	44,544	44,544	-	44,544
12/31/2004	39,561	40,442	40,442	40,442	40,442	40,442	-	-	40,442
12/31/2005	109,334	217,455	217,455	217,455	217,455	-	-	-	217,455
12/31/2006	103,782	103,392	103,392	103,392	-	-	-	-	103,392
12/31/2007	42,954	39,513	39,513	-	-	-	-	-	39,513
12/31/2008	190,047	192,151	-	-	-	-	-	-	192,151
12/31/2009	150,957	-	-	-	-	-	-	-	150,957

Development Quarters

Accident Year Ending	12-24 case rx	12-24	24-36	36-48	48-60	60-72	72-84	84-96	
12/31/2002	0.967	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
12/31/2003	0.891	0.921	1.000	1.000	1.000	1.000	1.000		
12/31/2004	0.989	1.022	1.000	1.000	1.000	1.000			
12/31/2005	1.989	1.989	1.000	1.000	1.000				
12/31/2006	0.996	0.996	1.000	1.000					
12/31/2007	0.920	0.920	1.000						
12/31/2008	1.011	1.011							
Average	all	1.123	1.000	1.000	1.000	1.000	1.000	1.000	
Weighted	all	1.171	1.000	1.000	1.000	1.000			
Exc hi & lo	all	0.977	1.000	1.000	1.000				
Exc hi & lo	5 yrs	0.999	1.000	1.000					
Avg	3 yrs	0.976	1.000	1.000	1.000				
CW ex CA FL MA TX MI		1.022	1.000	0.998	1.000	1.000	1.000	1.000	1.000
Selected		1.022	1.000	0.999	1.000	1.000	1.000	1.000	1.000
ULDF		1.021	0.999	0.999	1.000	1.000	1.000	1.000	1.000

Tail

SAFECO Insurance Companies
Loss Development Factors as of 12/31/2009
Nonweather Losses
ARKANSAS
Renters, Condos, Quality Plus Condos & Enhanced Protection Condos

PROPERTY UNCAPPED INCURRED LOSS (NET OF S/S/D INCURRED)

Accident Year Ending	12	24	36	48	60	72	84	96	Est. Ultimate
12/31/2002	47,023	47,023	47,000	47,000	47,000	47,000	47,000	47,000	47,000
12/31/2003	48,348	44,544	44,544	44,544	44,544	44,544	44,544	-	44,544
12/31/2004	39,561	40,442	40,442	40,442	40,442	40,442	-	-	40,442
12/31/2005	109,334	217,455	217,455	217,455	217,455	-	-	-	217,455
12/31/2006	103,782	103,392	103,392	103,392	-	-	-	-	103,392
12/31/2007	42,954	39,513	39,513	-	-	-	-	-	39,513
12/31/2008	190,047	192,151	-	-	-	-	-	-	192,151
12/31/2009	150,957	-	-	-	-	-	-	-	150,957

Development Quarters

Accident Year Ending	12-24 case rx	12-24	24-36	36-48	48-60	60-72	72-84	84-96	
12/31/2002	0.968054211	1.000	1.000	1.000	1.000	1.000	1.000	1.000	
12/31/2003	0.891888119	0.921	1.000	1.000	1.000	1.000	1.000		
12/31/2004	0.989612204	1.022	1.000	1.000	1.000	1.000			
12/31/2005	1.988905555	1.989	1.000	1.000	1.000				
12/31/2006	0.996242123	0.996	1.000	1.000					
12/31/2007	0.919891046	0.920	1.000						
12/31/2008	1.011070946	1.011							
Average	all	1.123	1.000	1.000	1.000	1.000	1.000	1.000	
Weighted	all	1.171	1.000	1.000	1.000	1.000			
Exc hi & lo	all	0.977	1.000	1.000	1.000				
Exc hi & lo	5 yrs	0.999	1.000	1.000					
Avg	3 yrs	0.976	1.000	1.000	1.000				
CW ex CA FL MA TX MI		1.022	1.000	0.998	1.000	1.000	1.000	1.000	1.000
Selected		1.022	1.000	0.999	1.000	1.000	1.000	1.000	1.000
ULDF		1.021	0.999	0.999	1.000	1.000	1.000	1.000	1.000

Tail

SAFECO Insurance Companies
Loss Development Factors as of 12/31/2009
Nonweather Losses
ARKANSAS
Renters, Condos, Quality Plus Condos & Enhanced Protection Condos

LIABILITY INCURRED CAPPED AT \$25,000 (NET OF S/S/D INCURRED)

Accident Year Ending	12	24	36	48	60	72	84	96	Est. Ultimate
12/31/2002	10,000	-	-	-	-	-	-	-	-
12/31/2003	-	-	-	-	-	-	-	-	-
12/31/2004	282	282	282	282	282	282	-	-	282
12/31/2005	450	450	10,450	450	450	-	-	-	450
12/31/2006	25,000	25,000	25,000	25,000	-	-	-	-	25,000
12/31/2007	-	-	-	-	-	-	-	-	-
12/31/2008	5,000	5,000	-	-	-	-	-	-	5,000
12/31/2009	401	-	-	-	-	-	-	-	401

Development Quarters

Accident Year Ending	12-24 case rx	12-24	24-36	36-48	48-60	60-72	72-84	84-96	
12/31/2002		-							
12/31/2003									
12/31/2004		1.000	1.000	1.000	1.000	1.000			
12/31/2005		1.000	23.222	0.043	1.000				
12/31/2006		1.000	1.000	1.000					
12/31/2007									
12/31/2008		1.000							
Average	all	0.800	8.407	0.681	1.000	1.000	#DIV/0!	#DIV/0!	
Weighted	all	0.754	1.389	0.720	1.000	1.000			
Exc hi & lo	all	0.800	8.407	0.681	1.000				
Exc hi & lo	5 yrs	1.000	8.407	0.681					
Avg	3 yrs	1.000	12.111	0.681	1.000				
CW ex CA FL MA TX MI		1.042	1.004	0.966	0.971	1.015	1.000	1.000	Tail 1.000
Selected		1.042	1.004	0.966	0.971	1.015	1.000	1.000	1.000
ULDF		0.996	0.956	0.951	0.985	1.015	1.000	1.000	1.000

SAFECO Insurance Companies
Loss Development Factors as of 12/31/2009
Nonweather Losses
ARKANSAS
Renters, Condos, Quality Plus Condos & Enhanced Protection Condos

LIABILITY INCURRED CAPPED AT \$100,000 (NET OF S/S/D INCURRED)

Accident Year Ending	12	24	36	48	60	72	84	96	Est. Ultimate
12/31/2002	10,000	-	-	-	-	-	-	-	-
12/31/2003	-	-	-	-	-	-	-	-	-
12/31/2004	282	282	282	282	282	282	-	-	282
12/31/2005	450	450	10,450	450	450	-	-	-	450
12/31/2006	40,000	40,000	40,000	40,000	-	-	-	-	40,000
12/31/2007	-	-	-	-	-	-	-	-	-
12/31/2008	5,000	5,000	-	-	-	-	-	-	5,000
12/31/2009	401	-	-	-	-	-	-	-	401

Development Quarters

Accident Year Ending	12-24 case rx	12-24	24-36	36-48	48-60	60-72	72-84	84-96	
12/31/2002		-							
12/31/2003									
12/31/2004		1.000	1.000	1.000	1.000	1.000			
12/31/2005		1.000	23.222	0.043	1.000				
12/31/2006		1.000	1.000	1.000					
12/31/2007									
12/31/2008		1.000							
Average	all	0.800	8.407	0.681	1.000	1.000	#DIV/0!	#DIV/0!	
Weighted	all	0.821	1.246	0.803	1.000	1.000			
Exc hi & lo	all	0.800	8.407	0.681	1.000				
Exc hi & lo	5 yrs	1.000	8.407	0.681					
Avg	3 yrs	1.000	12.111	0.681	1.000				
CW ex CA FL MA TX MI		1.145	0.966	0.929	0.971	1.021	1.000	1.000	Tail 1.000
Selected		1.145	1.004	0.966	0.971	1.021	1.000	1.000	1.000
ULDF		1.102	0.962	0.958	0.991	1.021	1.000	1.000	1.000

SAFECO Insurance Companies
Loss Development Factors as of 12/31/2009
Nonweather Losses
ARKANSAS
Renters, Condos, Quality Plus Condos & Enhanced Protection Condos

LIABILITY UNCAPPED INCURRED LOSS (NET OF S/S/D INCURRED)

Accident Year Ending	12	24	36	48	60	72	84	96	Est. Ultimate
12/31/2002	10,000	-	-	-	-	-	-	-	-
12/31/2003	-	-	-	-	-	-	-	-	-
12/31/2004	282	282	282	282	282	282	-	-	282
12/31/2005	450	450	10,450	450	450	-	-	-	450
12/31/2006	40,000	40,000	40,000	40,000	-	-	-	-	40,000
12/31/2007	-	-	-	-	-	-	-	-	-
12/31/2008	5,000	5,000	-	-	-	-	-	-	5,000
12/31/2009	401	-	-	-	-	-	-	-	401

Development Quarters

Accident Year Ending	12-24 case rx	12-24	24-36	36-48	48-60	60-72	72-84	84-96	
12/31/2002		-							
12/31/2003									
12/31/2004		1.000	1.000	1.000	1.000	1.000			
12/31/2005		1.000	23.222	0.043	1.000				
12/31/2006		1.000	1.000	1.000					
12/31/2007									
12/31/2008		1.000							
Average	all	0.800	8.407	0.681	1.000	1.000	#DIV/0!	#DIV/0!	
Weighted	all	0.821	1.246	0.803	1.000	1.000			
Exc hi & lo	all	0.800	8.407	0.681	1.000				
Exc hi & lo	5 yrs	1.000	8.407	0.681					
Avg	3 yrs	1.000	12.111	0.681	1.000				
CW ex CA FL MA TX MI		1.145	0.966	0.929	0.971	1.021	1.000	1.000	Tail 1.000
Selected		1.145	1.004	0.966	0.971	1.021	1.000	1.000	1.000
ULDF		1.102	0.962	0.958	0.991	1.021	1.000	1.000	1.000

Exhibit 20C, page 1
Large Loss Leveling-developed using aggregated Cov C non-weather losses data
SAFECO Insurance Companies
CONDOS
ARKANSAS
NonWeather

Accident Year Ending (1)	Capped Undevelope Prop Loss (2)	Property Capped ULDFs (3)	Developed Property (4)=(2)x(3)	Capped Undevelope Liab Loss (5)	Liability Capped ULDFs (6)	Developed Liability (7)=(5)x(6)	Condo's Ultimate Incurred Loss (8)=(4)+(7)	Leveled Losses (9)= (8) X 1.527
12/31/2005	37,233	1.000	37,233	0	1.015	0	37,233	56,855
12/31/2006	12,381	1.000	12,381	0	0.985	0	12,381	18,906
12/31/2007	11,482	0.999	11,471	0	0.951	0	11,471	17,515
12/31/2008	34,842	0.997	34,737	0	0.956	0	34,737	53,044
12/31/2009	16,650	1.020	16,983	401	0.996	399	17,382	26,543

**Calculation of Large Loss Factor
SAFECO and ASI data combined
Cov C Forms - NonWeather Losses**

State:	CWex	Excludes CA, FL, MA, TX, MI		Layer 1	Layer 2	Layer 1	Layer 1	Layer 2	Layer 2
Accident Year Ending (1)	Ultimate Incurred Losses Capped at \$25,000 (2)	Ultimate Incurred Losses Capped at \$100,000 (3)	Ultimate Incurred Losses Uncapped (4)	Layer 1 Large Loss Factor (5) = (3) / (2)	Layer 2 Large Loss Factor (6) = (4) / (3)	Layer 1 Large Loss Trend (7)	Layer 1 Trended Large Loss Factor (8)=(5)x(7)	Layer 2 Large Loss Trend (9)	Layer 2 Trended Large Loss Factor (10)=(6)x(9)
12/31/2002	7,014,178	7,859,882	8,052,328	1.121	1.024	1.143	1.281	1.143	1.171
12/31/2003	5,767,862	6,582,652	6,665,985	1.141	1.013	1.126	1.286	1.126	1.141
12/31/2004	5,573,964	6,614,669	6,870,661	1.187	1.039	1.110	1.317	1.110	1.153
12/31/2005	6,744,455	8,487,375	9,266,083	1.258	1.092	1.093	1.376	1.093	1.194
12/31/2006	7,164,263	8,611,884	9,481,965	1.202	1.101	1.077	1.295	1.077	1.186
12/31/2007	8,436,717	10,521,796	12,387,534	1.247	1.177	1.061	1.324	1.061	1.250
12/31/2008	9,086,420	11,486,105	12,281,449	1.264	1.069	1.046	1.322	1.046	1.118
12/31/2009	10,020,926	12,117,269	13,450,192	1.209	1.110	1.030	1.246	1.030	1.144
			Average Large Loss Factor:	1.204	1.078		1.306		1.170

	Trend	Selected Trend
Layer 1 Trend:	1.4%	1.5%
Layer 2 Trend:	1.5%	1.5%

Selected Large Loss Factor	<u>CW LLFs</u>
A. For layer from \$25,000 to \$100,000 (Layer 1)	1.306
B. For layer above \$100,000 (Layer 2)	1.170
C. Projected large loss factor = (A) x (B)	1.527

**Calculation of Large Loss Factor
SAFECO and ASI data combined
Cov C Forms - NonWeather Losses**

State: **AR**

Accident Year Ending (1)	Ultimate Incurred Losses Capped at \$25,000 (2)	Ultimate Incurred Losses Capped at \$100,000 (3)	Ultimate Incurred Losses Uncapped (4)	Layer 1 Large Loss Factor (5) = (3) / (2)	Layer 2 Large Loss Factor (6) = (4) / (3)	Layer 1 Large Loss Trend (7)	Layer 1 Trended Large Loss Factor (8)=(5)x(7)	Layer 2 Large Loss Trend (9)	Layer 2 Trended Large Loss Factor (10)=(6)x(9)
12/31/2002	47,000	47,000	47,000	1.000	1.000	1.143	1.143	1.143	1.143
12/31/2003	44,544	44,544	44,544	1.000	1.000	1.126	1.126	1.126	1.126
12/31/2004	40,724	40,724	40,724	1.000	1.000	1.110	1.110	1.110	1.110
12/31/2005	103,736	217,914	217,914	2.101	1.000	1.093	2.297	1.093	1.093
12/31/2006	128,017	143,032	143,032	1.117	1.000	1.077	1.204	1.077	1.077
12/31/2007	39,473	39,473	39,473	1.000	1.000	1.061	1.061	1.061	1.061
12/31/2008	156,054	196,769	196,769	1.261	1.000	1.046	1.318	1.046	1.046
12/31/2009	141,218	154,569	154,569	1.095	1.000	1.030	1.128	1.030	1.030
Average Large Loss Factor:				1.197	1.000		1.298		1.086

	Trend	Selected Trend
Layer 1 Trend:	1.4%	1.5%
Layer 2 Trend:	0.0%	1.5%

Selected Large Loss Factor

- A. For layer from \$25,000 to \$100,000 (Layer 1)
- B. For layer above \$100,000 (Layer 2)
- C. Projected large loss factor = (A) x (B)

Selected

1.306
1.170
1.527

CW LLFs

1.306
1.170
1.527

Exhibit 20D, page 1
Non-Weather Combined Water and Ex-Water Trend
SAFECO Insurance Companies
CONDOS
ARKANSAS

Fiscal/ Calendar Year Ending (1)	Midpoint of Each Experience Year (2)	Frequency						Frequency		
		Up-To-Date Point (3)	Projection Point (4)	Up-To-Date Trends		Projection Trends		Up-To-Date Time (7) = (3)-(2)	Projection Time (8) = (4)-(3)	Cumulative Trend Non-Weather (9) = (5)^(7)*(6)^(8)
				Non-Weather		Non-Weather				
12/31/2005	6/30/2005	6/30/2009	6/30/2011	1.020	1.020	4.000	2.000	1.126		
12/31/2006	6/30/2006	6/30/2009	6/30/2011	1.020	1.020	3.000	2.000	1.104		
12/31/2007	6/30/2007	6/30/2009	6/30/2011	1.020	1.020	2.000	2.000	1.082		
12/31/2008	6/30/2008	6/30/2009	6/30/2011	1.020	1.020	1.000	2.000	1.061		
12/31/2009	6/30/2009	6/30/2009	6/30/2011	1.020	1.020	0.000	2.000	1.040		

Fiscal/ Calendar Year Ending (1)	Midpoint of Each Experience Year (2)	Severity						Severity		
		Up-To-Date Point (3)	Projection Point (4)	Up-To-Date Trends		Projection Trends		Up-To-Date Time (7) = (3)-(2)	Projection Time (8) = (4)-(3)	Non-Weather (9) = (5)^(7)*(6)^(8)
				Non-Weather		Non-Weather				
12/31/2005	6/30/2005	6/30/2009	6/30/2011	1.060	1.060	4.000	2.000	1.419		
12/31/2006	6/30/2006	6/30/2009	6/30/2011	1.060	1.060	3.000	2.000	1.338		
12/31/2007	6/30/2007	6/30/2009	6/30/2011	1.060	1.060	2.000	2.000	1.262		
12/31/2008	6/30/2008	6/30/2009	6/30/2011	1.060	1.060	1.000	2.000	1.191		
12/31/2009	6/30/2009	6/30/2009	6/30/2011	1.060	1.060	0.000	2.000	1.124		

Fiscal/ Calendar Year Ending (1)	Midpoint of Each Experience Year (2)	Loss Cost						Loss Cost		
		Up-To-Date Point (3)	Projection Point (4)	Up-To-Date Trends		Projection Trends		Up-To-Date Time (7) = (3)-(2)	Projection Time (8) = (4)-(3)	Non-Weather (9) = (5)^(7)*(6)^(8)
				Non-Weather		Non-Weather				
12/31/2005	6/30/2005	6/30/2009	6/30/2011	1.081	1.081	4.000	2.000	1.597		
12/31/2006	6/30/2006	6/30/2009	6/30/2011	1.081	1.081	3.000	2.000	1.478		
12/31/2007	6/30/2007	6/30/2009	6/30/2011	1.081	1.081	2.000	2.000	1.367		
12/31/2008	6/30/2008	6/30/2009	6/30/2011	1.081	1.081	1.000	2.000	1.264		
12/31/2009	6/30/2009	6/30/2009	6/30/2011	1.081	1.081	0.000	2.000	1.169		

(5) through (8) are derived on Pages 2 and 3 of this exhibit
(2) is the average accident date for the corresponding accident year shown in column (1)
(4) is the average accident date for the projected policy writing period

(12)* Combined Frequency trend factors for water and ex-water are weighted together based on claim distribution for ARKANSAS
(12)** Combined Severity trend factors are derived from the combined frequency and combined loss cost trend factors
(12)*** Combined Loss Cost trend factors for water and ex-water are weighted together based on incurred losses for ARKANSAS

Exhibit 20D, page 2
Regional Non-Weather Trend
SAFECO Insurance Companies
CONDOS
Central Region

4 Quarters Ending	Frequency	Capped Severity	Loss Cost
03/04	2.36	3,517	83.00
06/04	2.35	3,643	85.61
09/04	2.33	3,498	81.50
12/04	2.18	3,399	74.10
03/05	2.14	3,431	73.42
06/05	2.09	3,130	65.42
09/05	2.12	2,918	61.86
12/05	2.17	3,279	71.15
03/06	2.23	3,230	72.03
06/06	2.33	3,130	72.93
09/06	2.28	3,095	70.57
12/06	2.42	3,058	74.00
03/07	2.43	3,374	81.99
06/07	2.42	3,412	82.57
09/07	2.54	3,534	89.76
12/07	2.65	4,215	111.70
03/08	2.45	4,348	106.53
06/08	2.39	4,724	112.90
09/08	2.42	4,777	115.60
12/08	2.12	4,426	93.83
03/09	2.21	4,188	92.55
06/09	2.33	4,147	96.63
09/09	2.31	4,007	92.56
12/09	2.51	3,663	91.94

Exponential Fits

24 Point	1.3%	5.3%	6.7%
20 Point	2.1%	8.3%	10.6%
16 Point	-0.1%	9.6%	9.5%
12 Point	-2.8%	5.0%	2.1%

Selected

YE 12/31/06 UTD	2.0%	6.0%	8.1%
YE 12/31/07 UTD	2.0%	6.0%	8.1%
YE 12/31/08 UTD	2.0%	6.0%	8.1%
YE 12/31/09 UTD	2.0%	6.0%	8.1%
Projected	2.0%	6.0%	8.1%

Exhibit 20E, page 1
Weather Loss Ratio
SAFECO Insurance Companies
CONDOS
Central Region

YTD	Actual			Frequency Projection Factor*	Severity Projection Factor*	Projected Frequency per 100 EHY	Projected Severity	Projected Pure Premium
	Frequency per 100 EHY	Developed Severity	Loss Cost					
12/86	1.05	1,512	15.93	0.467	4.046	0.49	6,116	30.10
12/87	0.76	667	5.09	0.481	3.826	0.37	2,550	9.38
12/88	0.67	1,051	7.06	0.496	3.618	0.33	3,804	12.67
12/89	1.04	1,274	13.23	0.512	3.421	0.53	4,360	23.16
12/90	1.41	1,553	21.91	0.527	3.235	0.74	5,024	37.38
12/91	1.33	1,017	13.50	0.544	3.059	0.72	3,113	22.45
12/92	0.97	1,612	15.60	0.561	2.893	0.54	4,663	25.30
12/93	0.97	1,092	10.65	0.578	2.736	0.56	2,988	16.84
12/94	0.69	1,396	9.61	0.596	2.587	0.41	3,612	14.82
12/95	0.89	1,274	11.37	0.614	2.446	0.55	3,116	17.08
12/96	0.99	1,460	14.41	0.633	2.313	0.62	3,378	21.11
12/97	0.77	1,210	9.33	0.653	2.187	0.50	2,646	13.33
12/98	1.15	1,481	17.06	0.673	2.068	0.78	3,063	23.75
12/99	0.93	1,591	14.73	0.694	1.956	0.64	3,111	19.99
12/00	0.68	2,213	15.11	0.715	1.850	0.49	4,093	19.99
12/01	1.15	2,099	24.23	0.737	1.749	0.85	3,671	31.26
12/02	0.56	1,766	9.95	0.760	1.654	0.43	2,921	12.51
12/03	0.42	2,169	9.14	0.784	1.564	0.33	3,392	11.20
12/04	0.37	1,701	6.25	0.808	1.479	0.30	2,516	7.46
12/05	0.31	3,169	9.69	0.833	1.399	0.25	4,432	11.28
12/06	0.47	6,563	31.14	0.859	1.323	0.41	8,680	35.36
12/07	0.41	13,806	57.05	0.885	1.251	0.37	17,266	63.16
12/08	0.42	1,917	8.11	0.913	1.183	0.39	2,267	8.76
12/09	0.54	13,804	75.00	0.941	1.118	0.51	15,438	78.91
Average								23.64

(A) Selected Weather Pure Premium	23.64
(B) YE 12/31/09 ARKANSAS Earned House Years	193
(C) YE 12/31/09 ARKANSAS Projected Current Level Earned Premium	70,864
(D) Weather Loss Ratio = (A) x (B) / (C)	6.4%

*Weather Trend Factors are calculated on page 2 of this Exhibit.

Exhibit 20E, page 2
Weather Loss Trend - Regional Data
SAFECO Insurance Companies
CONDOS
Countrywide
Ex-Hurricane Weather

<u>YTD</u>	<u>Frequency</u>	<u>Severity</u>	<u>Loss Cost</u>
12/86	0.13	1,161	1.45
12/87	0.14	903	1.27
12/88	0.11	648	0.73
12/89	0.65	1,322	8.58
12/90	0.67	1,565	10.42
12/91	0.82	1,360	11.20
12/92	0.61	1,400	8.50
12/93	0.89	1,409	12.52
12/94	0.66	1,831	12.17
12/95	0.71	1,869	13.24
12/96	0.82	1,820	14.99
12/97	0.70	1,982	13.86
12/98	0.84	1,934	16.24
12/99	0.72	2,356	16.85
12/00	0.48	2,296	11.04
12/01	0.73	2,462	18.06
12/02	0.27	2,161	5.89
12/03	0.27	2,174	5.97
12/04	0.26	2,798	7.29
12/05	0.32	3,157	10.05
12/06	0.27	2,713	7.20
12/07	0.24	3,607	8.77
12/08	0.30	3,377	10.07
12/09	0.41	4,691	19.38

Exponential Fits

24 Point	-0.2%	6.1%	5.9%
20 Point	-6.3%	5.5%	-1.1%
16 Point	-7.8%	5.5%	-2.7%
12 Point	-8.4%	6.5%	-2.5%
Selected	-3.00%	5.75%	2.6%

Exhibit 20F
EXPECTED LOSS RATIO BUDGET
SAFECO Insurance Companies
CONDOS
ARKANSAS
2009

	TOTAL ex Mobiles (INCL DIC)	CONDOS & QUALITY- PLUS CONDOS	QUALITY CREST CONDOS	CONDOS, QPC, & QCC
(1) PROJECTED EPCRL PER POLICY	\$1,024	\$359	\$553	\$367
(2) VARIABLE EXPENSES:				
(A) PROJECTED COMMISSIONS	16.55%	16.46%	16.46%	16.46%
(B) PROJECTED TAXES	3.54%	3.54%	3.54%	3.54%
(C) VARIABLE GENERAL OPERATING EXPENSES PROJECTED	1.91%	1.91%	1.91%	1.91%
(D) TOTAL VARIABLE EXPENSES = (A) + (B) + (C3)	22.01%	21.91%	21.91%	21.91%
(3) FIXED EXPENSES:				
(A) PROJECTED FIXED GENERAL OPERATING EXPENSES				
(1) CURRENT DOLLARS	\$51.36	\$20.20	\$27.66	\$20.58
(2) PROJECTED DOLLARS	\$54.97	\$21.62	\$29.61	\$22.02
(3) PROJECTED PERCENT	5.37%	6.03%	5.36%	5.99%
(B) FIXED REINSURANCE EXPENSE				
(1) PROJECTED DOLLARS	\$0.99	\$0.32	\$2.44	\$0.42
(2) PROJECTED PERCENT	0.10%	0.09%	0.44%	0.12%
(C) TOTAL FIXED EXPENSES				
(1) PROJECTED DOLLARS	\$55.95	\$21.94	\$32.05	\$22.45
(2) PROJECTED PERCENT	5.46%	6.12%	5.80%	6.11%
= (A) + (B)				
(4) BUDGETARY PROFIT LOAD	9.10%	9.10%	9.10%	9.10%
(5) EXPECTED LOSS AND AE RATIO = 1 - (2D) - (3C) - (4)	63.43%	62.87%	63.19%	62.88%
(6) LOSS ADJUSTMENT EXPENSE RATIO TO CALENDAR YEAR LOSSES:				
(A) 2009	14.92%	14.92%	14.92%	14.92%
(B) 2008	19.25%	19.25%	19.25%	19.25%
(C) 2007	19.42%	19.42%	19.42%	19.42%
(D) PROJECTED	17.32%	17.32%	17.32%	17.32%
(7) EXPECTED LOSS RATIO = (5) / [1+(6D)]	54.07%	53.59%	53.86%	53.60%

Evaluation of Overall Change

Capped (20%, 5%)

SAFECO Insurance Companies

Arkansas

Form	Basic Premium	Percent of Change	Dollars of Change
30	\$9,020,825	11.8%	\$1,065,170
88	\$51,627	4.3%	\$2,195
85	\$4,396	4.4%	\$194
4	\$216,580	0.0%	\$0
TOTAL	\$9,293,428	11.5%	\$1,067,559

Form	Credits	Percent of Change	Dollars of Change
30	-\$1,560,514	18.5%	-\$288,157
88	-\$7,325	4.2%	-\$311
85	-\$701	4.4%	-\$31
4	\$0	0.0%	\$0
TOTAL	-\$1,568,540	18.4%	-\$288,499

Form	Miscellaneous Premium	Percent of Change	Dollars of Change
30	\$217,434	6.5%	\$14,028
88	\$27,002	0.0%	\$0
85	\$95	0.0%	\$0
4	\$0	0.0%	\$0
TOTAL	\$244,531	5.7%	\$14,028

Form	Total Premium	Percent of Change	Dollars of Change
30	\$7,677,745	10.3%	\$791,041
88	\$71,304	2.6%	\$1,884
85	\$3,790	4.3%	\$163
4	\$216,580	0.0%	\$0
TOTAL	\$7,969,419	10.0%	\$793,088

Exhibit 13 - Dislocation

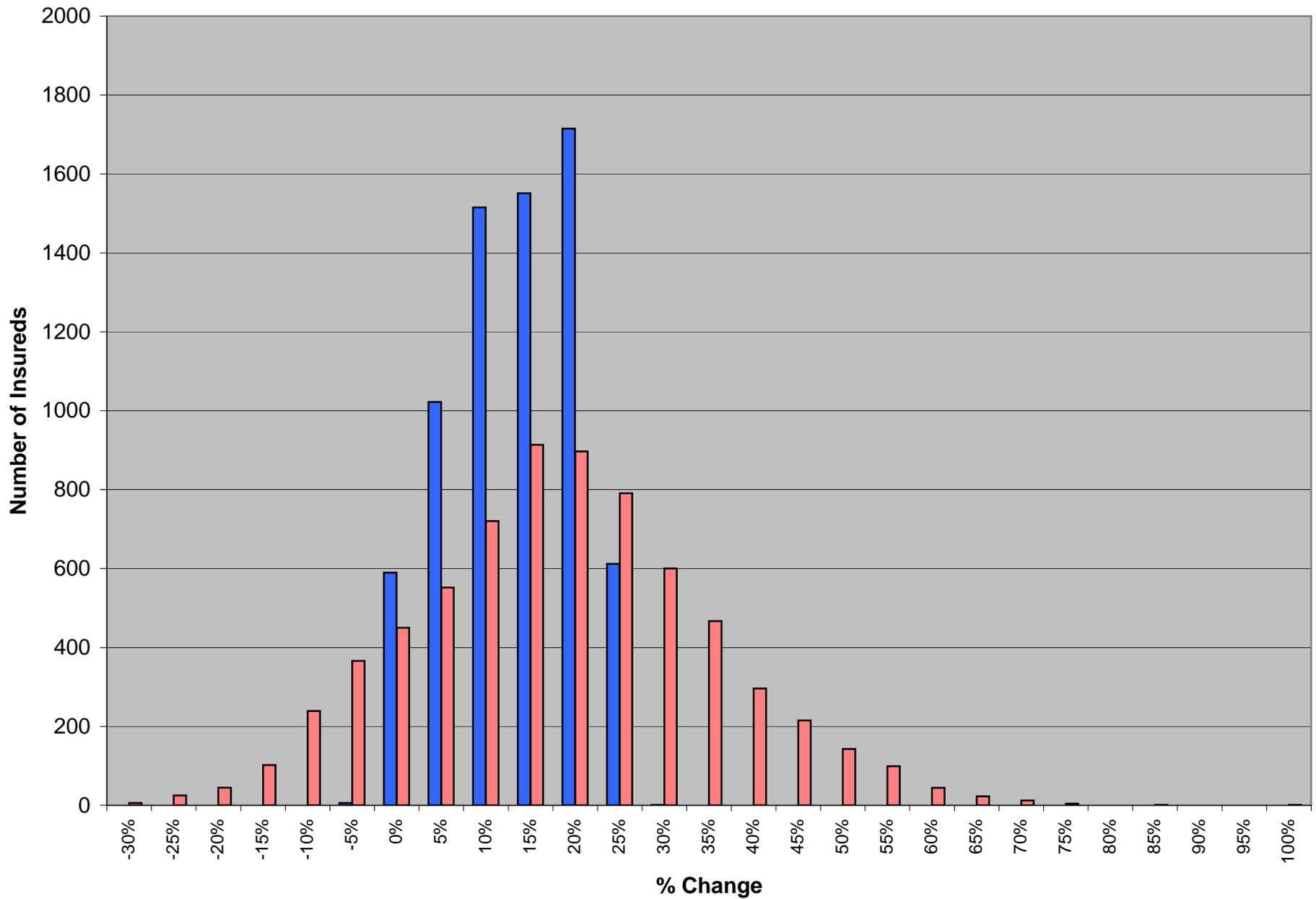
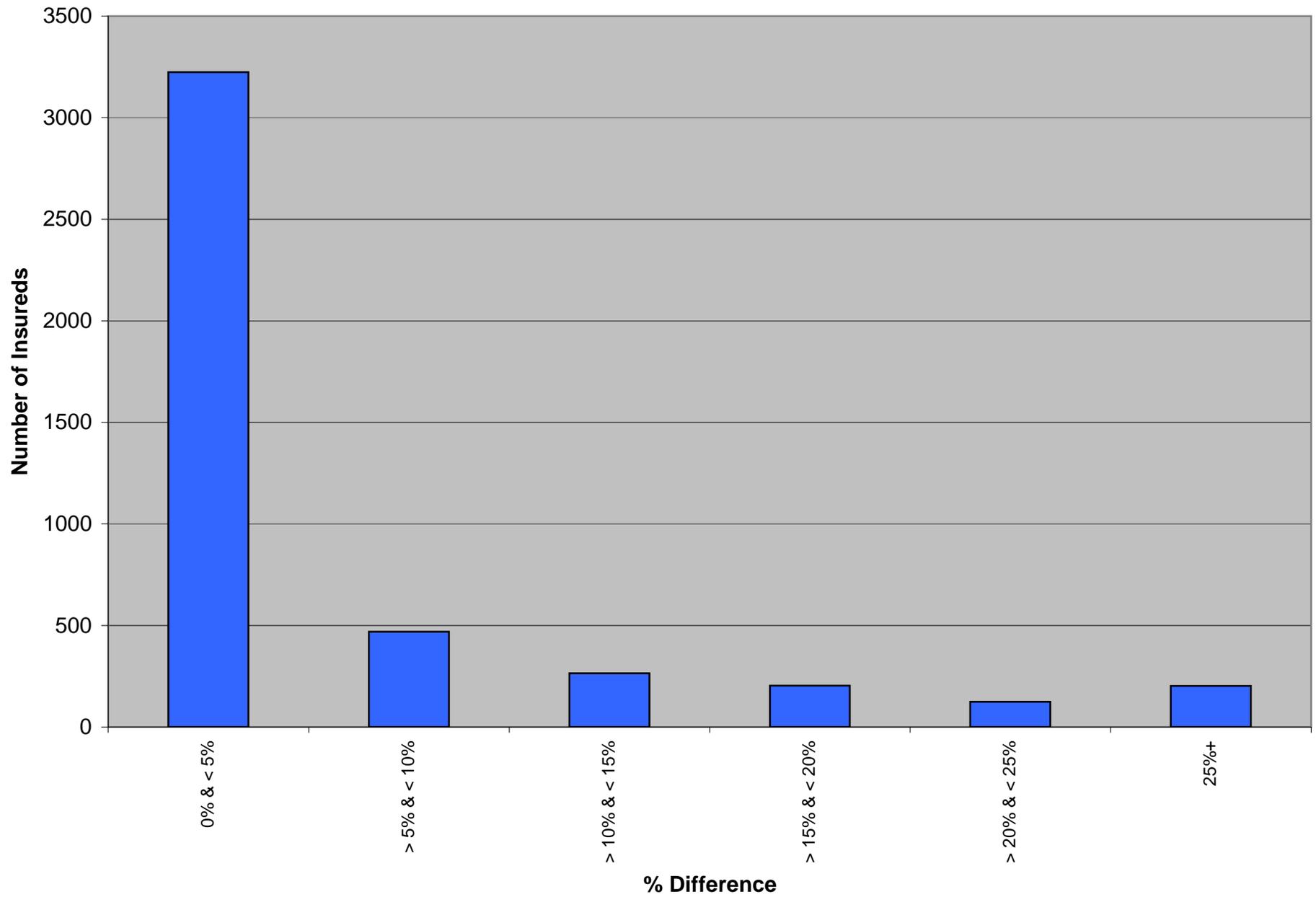


Exhibit 14 - Capped Percentage Amounts



Weights for the claim types are shown in compound variables with the suffix of "N", in Exhibit 17. The descriptions of the compound variables are shown in Exhibit 16. The weights for prior claims by type depend on the permutation of the five claim types mentioned above. For example, a policy with one claim type I and one claim type IV has the attribute corresponding to 1/0/0/1/0, in Exhibit 16. The weight for that attribute can be seen in Exhibit 17.

Some pages for Exhibit 16 were inadvertently omitted from our initial submission. Attached is a revised **Exhibits 15-19 Scorecard** document with the missing pages replaced.

Objection 2: Exhibits 3-10 (Rate)

Provide statistical data supporting the territory relativities. Provide statistical support for the market tier changes.

For statistical data supporting the territory relativities, please see attached **Exhibit 21 – Territorial Rels.** For statistical support of the market tier changes, please see attached **Exhibit 22 – Market Tier Support.**

We appreciate your review of this filing and look forward to your timely approval. Please feel free to contact me with any questions or concerns.

Sincerely,



Jeff Estes
Senior Director, Product Management
(314) 909-4867
FAX: 888-268-8840
EMAIL: jeffrey.estes@safeco.com
JE/sj

Exhibit 21

Evaluation of Territorial Unities Exhibit – Explanatory Notes

Column (2) represents credibility-weighted Capped Non-Weather Loss Ratios. The Non-Weather losses for each territory over the five most recent calendar years have been capped at \$100K to remove abnormal fluctuation. Actual earned premiums have been brought to the current rate level. Capped Non-Weather losses and earned premiums at the current rate levels have been trended for the prospective exposure period.

Column (3) shows Non-Weather Large Loss Relatives by territory. Territories in Arkansas were not separated into Large Loss Groups.

Column (4) displays Non-Weather Large Loss Factors for each territory.

Column (5) represents Non-Weather Loss Ratios. The Capped Non-Weather Loss Ratios in Column (2) were leveled using the Large Loss Factors in Column (4).

Column (6) represents Weather Loss Ratios. The weather-related losses for each territory over twenty calendar years were used. Earned premiums for each territory have been brought to the current rate level. Weather losses and earned premiums at the current rate levels have been trended for the prospective exposure period. Losses by territory are credibility weighted using a geospatial formula that incorporates loss trends, population density, altitude, average rainfall and snowfall, and average temperature.

Column (7) shows territorial Hurricane Relativities.

Column (8) translates territorial relativities into Hurricane Loss Ratios by territory using the Hurricane Relatives in Column (7).

Column (9) calculates the total loss ratios by territory as a sum of Columns (5), (6), and (8).

Column (10) displays Targeted Loss Ratios by territory. Targeted loss ratios vary by territory to account for differences by territory in fixed expense to premium ratios.

Column (11) shows the Territorial Index, which is calculated as Column (9) over Column (10).

Column (12) corrects the Territorial Index in Column (11) to balance to unity.

Column (13) displays the proportion of the indicated relativity change that will be achieved due to Scorecard and Class Plan changes.

Column (14) shows the portion of Column (12), remaining for relativity change, which is calculated of Column (12) over Column (13).

Column (15) displays current territorial relatives.

Column (16) displays current territorial relatives offset for the impact of refresh Scorecard implementation and class plan updates.

Column (17) shows Indicated Relativities as a product of Column (14) and Column (15).

Column (18) shows Selected Relativities. Selections were made based on business strategic decisions in addition to the actuarial indications.

Column (19) shows Selected Relativities rebased to the base territory 110.

Exhibit 21 Evaluation of Territorial Relativities

Arkansas

Homeowners

Territory (1)	Capped Non-Weather Loss Ratio (2)	Non-Weather Large Loss Relativities (3)	Non-Weather Large Loss Factor (4)	Non-Weather Loss Ratio (5)	Weather Loss Ratio (6)	Hurricane Relativities (7)	Hurricane LR (8)	Total Loss Ratio (9)	Target Loss Ratio Prior to Rate Change (10)	Index (11)	Corrected Index (12)	Portion of (12) Due to Other Changes (13)	Portion of (13) Remaining for Rel Change (14)	Current Relativity (15)	Current Rel Offset for Rating Plan Changes (16)	Indicated Relativity (17)	Selected Relativity (18)	Re-Based Selected Relativity (19)
			= (3) x 1.712	= (2) x (4)				= (5) + (6) + (8)		= (9) / (10)	= (11) / 1.313		= (12) / (13)			= (14) x (15)		
32	35.1%	1.000	1.712	60.1%	17.7%	1.000	0.0%	77.8%	55.9%	1.393	1.061	1.006	1.054	1.047	1.040	1.103	1.072	1.094
100	30.3%	1.000	1.712	51.8%	19.4%	1.000	0.0%	71.2%	54.8%	1.301	0.991	0.974	1.017	0.965	0.990	0.981	0.986	1.006
110	32.6%	1.000	1.712	55.8%	17.7%	1.000	0.0%	73.5%	55.2%	1.331	1.014	1.027	0.987	1.000	0.974	0.987	0.980	1.000
111	26.8%	1.000	1.712	45.9%	20.7%	1.000	0.0%	66.6%	53.2%	1.251	0.953	1.027	0.927	1.000	0.973	0.927	0.950	0.969
112	31.4%	1.000	1.712	53.7%	20.0%	1.000	0.0%	73.7%	55.4%	1.330	1.013	0.988	1.025	0.950	0.961	0.974	0.967	0.987
113	29.1%	1.000	1.712	49.9%	19.7%	1.000	0.0%	69.6%	54.7%	1.272	0.968	1.008	0.961	0.950	0.942	0.913	0.927	0.946
116	33.0%	1.000	1.712	56.5%	19.8%	1.000	0.0%	76.3%	54.9%	1.389	1.058	1.000	1.057	0.970	0.970	1.026	0.998	1.018
118	27.3%	1.000	1.712	46.8%	21.8%	1.000	0.0%	68.6%	54.5%	1.258	0.958	0.984	0.974	0.910	0.925	0.886	0.906	0.924
119	28.0%	1.000	1.712	48.0%	20.8%	1.000	0.0%	68.7%	54.5%	1.262	0.961	1.008	0.953	1.000	0.992	0.953	0.972	0.992
120	28.8%	1.000	1.712	49.2%	19.2%	1.000	0.0%	68.5%	55.5%	1.234	0.940	0.998	0.942	1.107	1.109	1.043	1.076	1.098
121	34.6%	1.000	1.712	59.2%	17.7%	1.000	0.0%	76.9%	55.4%	1.388	1.057	0.969	1.091	1.070	1.104	1.167	1.136	1.159
122	30.3%	1.000	1.712	51.8%	18.9%	1.000	0.0%	70.7%	55.2%	1.281	0.976	1.002	0.974	1.030	1.028	1.003	1.016	1.037
123	32.3%	1.000	1.712	55.4%	18.9%	1.000	0.0%	74.3%	54.7%	1.358	1.034	1.013	1.020	1.000	0.987	1.020	1.004	1.024
124	30.0%	1.000	1.712	51.4%	18.7%	1.000	0.0%	70.1%	54.9%	1.277	0.973	1.004	0.969	1.000	0.996	0.969	0.983	1.003
125	32.6%	1.000	1.712	55.9%	17.5%	1.000	0.0%	73.4%	54.9%	1.337	1.019	0.984	1.035	1.060	1.077	1.097	1.087	1.109
126	31.2%	1.000	1.712	53.4%	17.4%	1.000	0.0%	70.8%	55.3%	1.281	0.976	0.993	0.983	1.027	1.035	1.009	1.022	1.043
127	34.3%	1.000	1.712	58.7%	15.6%	1.000	0.0%	74.2%	56.0%	1.327	1.010	0.977	1.034	1.160	1.188	1.200	1.194	1.218
128	33.9%	1.000	1.712	58.0%	16.4%	1.000	0.0%	74.4%	56.2%	1.324	1.009	0.893	1.129	1.146	1.283	1.294	1.289	1.315
TOTAL	31.3%	1.000	1.712	53.6%	18.7%	1.000	0.0%	72.3%	55.1%	1.313	1.000	1.000	1.000	1.004	1.005	1.005	1.005	1.025

ARKANSAS
Safeco Insurance Companies
Home True Pricing Refresh

Exhibit 22 - Market Tier Bands

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ARKANSAS				
Model Results and Selections				
Market Tier	Scorecard Score Range	Multivariate Model Factor	Selected Factor	Modeled Earned House Year Percentage
H01	806+	0.558	0.560	1.91
H02	795 - 805	0.599	0.600	2.61
H03	784 - 794	0.630	0.630	3.87
H04	775 - 783	0.664	0.660	4.59
H05	766 - 774	0.695	0.690	4.45
H06	758 - 765	0.724	0.720	4.50
H07	750 - 757	0.753	0.750	5.13
H09	742 - 749	0.784	0.780	6.01
H12	735 - 741	0.814	0.810	5.33
H14	728 - 734	0.843	0.840	5.35
H18	721 - 727	0.873	0.870	5.29
H19	715 - 720	0.902	0.900	5.02
H23	708 - 714	0.932	0.930	4.82
H24	701 - 707	0.966	0.970	4.80
H28	693 - 700	1.000	1.000	4.81
H29	686 - 692	1.038	1.040	3.86
H32	678 - 685	1.079	1.080	3.68
H37	671 - 677	1.119	1.120	2.79
H42	661 - 670	1.166	1.170	3.39
H44	654 - 660	1.220	1.220	2.15
H53	643 - 653	1.274	1.270	2.53
H54	634 - 642	1.339	1.340	1.89
H62	622 - 633	1.410	1.410	2.07
H63	611 - 621	1.496	1.500	1.61
H64	599 - 610	1.583	1.580	1.38
H69	584 - 598	1.690	1.690	1.46
H72	572 - 583	1.807	1.810	1.00
H74	555 - 571	1.946	1.950	1.04
H77	539 - 554	2.121	2.120	0.97
H79	527 - 538	2.270	2.270	0.52
H81	513 - 526	2.401	2.400	0.49
H83	496 - 512	2.603	2.600	0.38
H86	472 - 495	2.877	2.880	0.19
H88	449 - 471	3.229	3.230	0.07
H90	0 - 448	3.913	3.910	0.03

SERFF Tracking Number: LBRM-126704329 State: Arkansas
 Filing Company: Safeco Insurance Company of America State Tracking Number: EFT \$150
 Company Tracking Number: 2010-AR-HOME-RR-51
 TOI: 04.0 Homeowners Sub-TOI: 04.0000 Homeowners Sub-TOI Combinations
 Product Name: Homeowners
 Project Name/Number: Rate/Rule/2010-AR-Home-RR-51

Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date:	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
07/01/2010	Supporting Document	NAIC loss cost data entry document	08/11/2010	loss_cost_data_entry.pdf (Superseded)
07/01/2010	Supporting Document	Supporting Exhibits	08/11/2010	Exhibit 1 Ev of Chg.pdf (Superseded) Exhibit 2 Indication Home.pdf Exhibit 11 AR_ROE.pdf Exhibit 12 AR_InvIncHome.pdf Exhibit 13 - Disruption Chart.pdf (Superseded) Exhibit 14 - Capped Percentage Amounts.pdf (Superseded) Exhibit 20 Filing Indication Condo.pdf

NAIC LOSS COST DATA ENTRY DOCUMENT (EFFECTIVE AUG. 16, 2004)

1.	This filing transmittal is part of Company Tracking #	2010-AR-Home-RR-51
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2.	If filing is an adoption of an advisory organization loss cost filing, give name of advisory organization and Reference/Item Filing Number	
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	Company Name		Company NAIC Number
3.	A.	Safeco Insurance Company of America	B. 111-24740

		Product Coding Matrix Line of Business (i.e., Type of Insurance)		Product Coding Matrix Line of Insurance (i.e., Sub-type of Insurance)
4.	A.	4.0 - Homeowners	B.	4.0000 – Homeowners Sub-TOI Combinations

5.			FOR LOSS COSTS ONLY					
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	COVERAGE (See Instructions)	Indicated % Rate Level Change	Requested % Rate Level Change	Expected Loss Ratio	Loss Cost Modification Factor	Selected Loss Cost Multiplier	Expense Constant (If Applicable)	Co. Current Loss Cost Multiplier
	Homeowners	28.9	11.8					
	Condo	2.3	2.7					
	TOTAL OVERALL EFFECT		11.3					

6.	5 Year History		Rate Change History					
	Year	Policy Count	% of Change	Effective Date	State Earned Premium (000)	Incurred Losses (000)	State Loss Ratio	Countrywide Loss Ratio
	2009	7761	6.8	7/23/09	\$6805	\$8713	128.0	57.58
	2008	7384	1.9%	6/12/08	\$6366	\$6678	104.9%	65.4
	2007	6976	-2.6%	7/12/07	\$5892	\$2658	45.1%	51.4
	2006	6606	N/A		\$5492	\$2672	48.7%	45.4
	2005	6416	-2.5%	8/18/05	\$5436	\$2321	42.7%	39.4

7.	Expense Constants	Selected Provisions
	A. Total Production Expense	16.55
	B. General Expense	7.29
	C. Taxes, License & Fees	3.54
	D. Underwriting Profit & Contingencies	9.10
	E. Other (catastrophe reinsurance)	.10
	F. TOTAL	36.58

- 8.** N/A Apply Lost Cost Factors to Future filings? (Y or N)
- 9.** 30.7 Estimated Maximum Rate Increase for any Insured (%). Territory (if applicable): _____
- 10.** -5.6 Estimated Maximum Rate Decrease for any Insured (%) Territory (if applicable): _____

Evaluation of Overall Change

Capped (25%, 5%)

SAFECO Insurance Companies

Arkansas

Form	Basic Premium	Percent of Change	Dollars of Change
30	\$9,020,825	13.3%	\$1,196,437
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85	\$4,396	4.4%	\$194
4	\$216,580	0.0%	\$0
TOTAL	\$9,293,428	12.9%	\$1,198,826

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Exhibit 13 - Dislocation

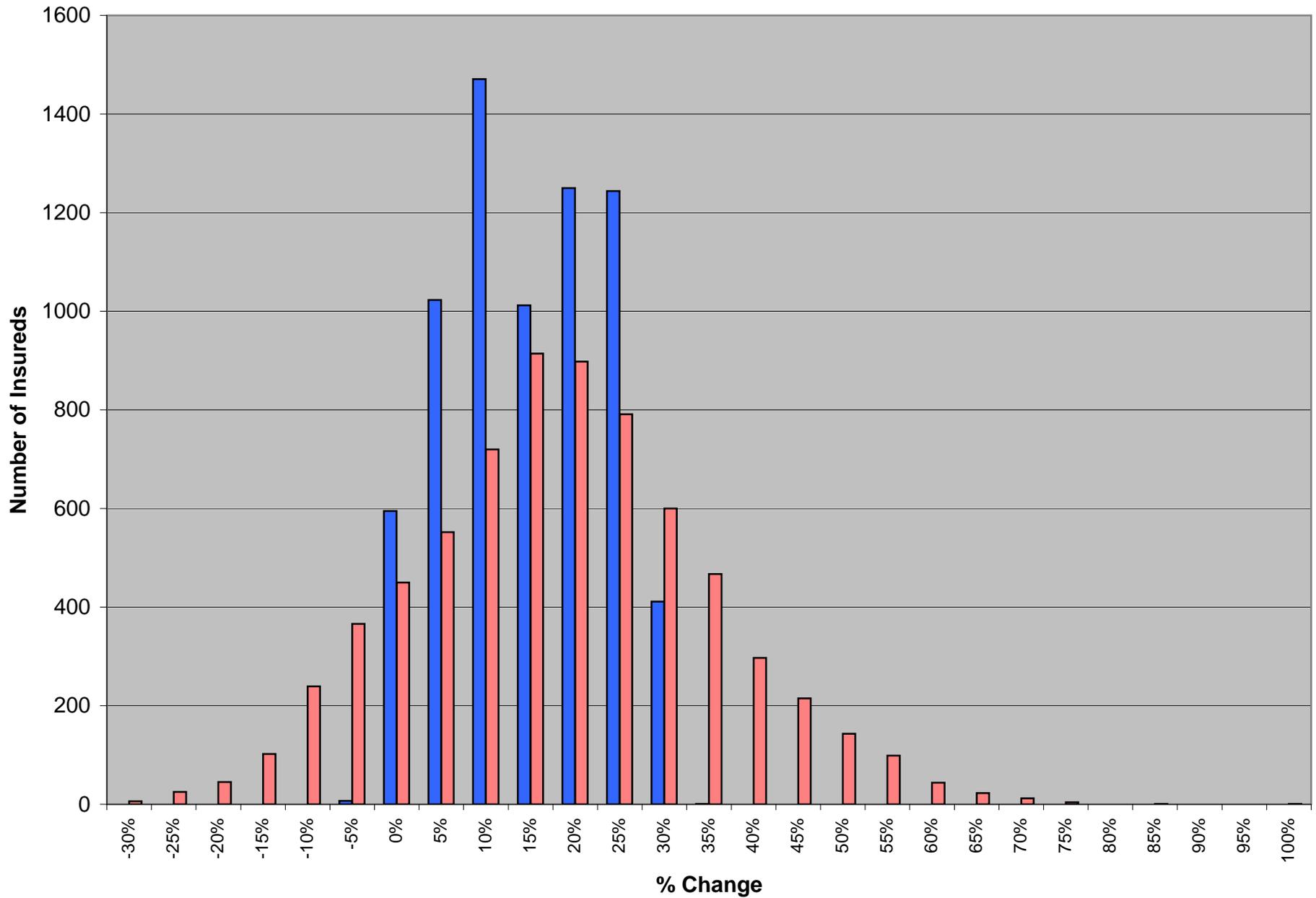
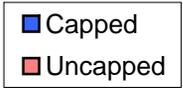


Exhibit 14 - Capped Percentage Amounts

